

## **Scotland Bill**

### **British Amusement Catering Trade Association (BACTA)**

#### **Background information**

BACTA is the trade association that represents the UK's Amusement Machine Industry. This Industry comprises the manufacturers, suppliers and operators of all types of amusement equipment, from gaming or fruit machines, to pin tables, skill with prizes machines, video games, pool tables, cranes, pushers, redemption machines and the like. Amusement machines are located in pubs, clubs, bingo halls, bookmakers, Adult Gaming Centres (AGCs) and Family Entertainment Centres (FECs). BACTA only represents the FECs, AGCs, manufacturers and operators - we do not represent Casino, Licenced Betting Offices, Bingo Halls or online betting.

In total the industry has a turnover in the UK of almost £3billion. It employs tens of thousands of people up and down the country and generates millions of pounds in tax revenues.

Machine manufacturing in the UK is a high tech, high skilled industry, employing many creative people. With around 350,000 machines of one type or another located throughout the country, UK manufacturers have a world-class reputation and export many of their products to markets around the world.

#### **Fixed Odds Betting Terminals**

Category B2 gaming machines, commonly known by their original description as Fixed Odds Betting Terminals are found almost exclusively in licenced Bookmakers. They are not allowed in Adult Gaming Centres, Family Entertainment Centres, Bingo Halls, pubs or clubs. These machines originally enabled players to bet on the outcome of various games and events with fixed odds, most commonly roulette and were first introduced to the UK around the beginning of the century. Following the 2005 Gambling Act the games on these machines have broadened to include all forms of casino games and slot machine games where players can stake up to £100 every 20 seconds. These machines are very profitable for the Bookmakers and have a Gross Gambling Yield of about £1.7bn per year.

However, the presence of fixed odds gambling in high street betting shops has proven very controversial and is seen as being responsible for the rapid proliferation of betting shops in poorer communities. Bookmakers are permitted up to four terminals per shop and have opened many new outlets in order it is claimed, to pack many machines into a target area.

Following a period of strong media criticism in this issue, the government signalled its intention to address the many concerns around FOBTs and in the 2014 Budget it proposed an increase in the rate of tax on profits from fixed odds betting terminals from 20 to 25 per cent. This change came into effect in December 2014.

In April 2014 the government promised to address the highly controversial maximum stake of £100, which can be gambled on an FOBT machines every 20 seconds. An amendment to the regulation was announced in February 2015 and was introduced

in April 2015. This amendment requires players using an FOBT to inform staff and receive permission if they wish to bet more than £50 at a time (but with permission they can still bet up to £100). This process is currently under review and a report into the effectiveness of these measures is expected by the end of 2015.

Even with this control in place it is still very easy for a player to bet above £50 and many players pre-register by providing a mobile phone number so as to receive a fully activated permission card. These players can be easily contacted by texts through their mobile phones for marketing purposes by the Betting companies. According to the ABB, there were seven billion bets placed on FOBTs last year of which three per cent were at £100. This equates to 210 million bets at £100, equivalent to £21 billion.

Recently 93 Local Authorities petitioned the government through the Sustainable Communities Act in order to gain control over the numbers of FOBTs. They, along with the Liberal Democrats, the Labour Party, the Greens, UKIP, the SNP and the Mayor of London have all called for a stake reduction and for control of the siting of betting shops to be given to Local Authorities. The request by the Local Authorities under the SCA was recently rejected by government, but this decision is expected to be challenged by the LGA.

### **BACTA's position**

There is little doubt that the introduction of FOBTs and the proliferation of Licensed Betting Offices has had an enormously detrimental impact on Adult Gaming Centres, pubs and clubs up and down the country and many have closed since these machines were introduced. The latest Gambling Commission statistics show that from 2010 – 2014 the number of AGCs decreased by 27.6 per cent with a 55.8 per cent fall in employees and FECs decreased by 7.8 per cent with a 56.9 percent fall in employees. Over that same period the Gross Gaming Yield for AGCs fell 3 per cent, for FECs it fell by 11.92 per cent, whilst for Betting Shops the GGY increased by 23.6 per cent. There has been a very vocal campaign against FOBTs and the continuing presence of these machines in their current format is bringing reputational damage to the industry.

To summarise the following information is relevant:

- AGCs, Bingo Halls, pubs and clubs all suffer as a result of the B2 category gaming machines (formerly known as Fixed Odds Betting Terminals) in Licensed Betting Offices, which are now frequently clustered on local High Streets. In reality the machines are no longer fixed odds betting machines (i.e. betting on an outcome of a race or similar), but sophisticated and profitable gaming machines, playing casino style games such as roulette. The speed of play on FOBTs is also much faster than in a real casino
- The existence of these machines has skewed the commercial playing field, which has resulted in major commercial damage to other legitimate and important part of the leisure sector
- Each AGC or bingo hall that closes is another empty shop on the High Street.
- The discrimination against the AGC, Bingo, FEC and other sectors (including pubs and clubs) is evident in the maximum stake allowed on gaming

machines in AGCs and Bingo Halls - just £2; whilst in LBOs it is £100. This is despite both only being available in age controlled adult environments

- AGCs and bingo halls are staffed by trained individuals who constantly supervise the premises and their customers, whereas LBOs are low supervision environments
- The AGC sector has suffered due to a wide range of reasons including the recession, the smoking ban, VAT changes and the removal of Section 16 lottery machines. Conversely, LBOs have experienced enormous growth over the same period
- The government has taken some steps to address concerns about B2 machines, requiring players wishing to stake above £50 to receive approval from the LBO. However, we doubt this will have any impact on the problem
- There needs to be a substantial reduction in the stake allowed on FOBTs, to bring them in line with other High Street gaming machines
- BACTA members are absolutely committed to meeting the three licensing objectives and especially protecting the vulnerable. We demonstrate this through a number of social responsibility policies such as age verification testing, developing a self-exclusion programme, our LCCP toolkits (Licensing Conditions and Codes of Practice), and member staff training, to name a few
- Local Authorities and the devolved governments should be given the authority through the planning process and localism objective to control the number and location of Betting Shops. They should also be able to determine the number of FOBT machines in each location
- Concerns that restricting FOBTs would have a detrimental impact on the High Street are not borne out by reports such as the recent NERA report

In order to achieve fairness on the High Street, all similar age controlled adult gaming environments, such as bingo halls, AGCs and betting offices should be permitted to have the same categories of machines in whatever numbers the law permits.