

Written submission from the National Casino Forum

Background

The National Casino Forum (NCF) is the trade body for the land based casino industry in the UK. We represent over 98% of the casinos operating in the entire UK, and 100% of the casinos in Scotland. We welcome the opportunity to provide written evidence to the Scottish Parliament's Local Government and Regeneration Committee as part of its consideration of the proposed new devolution of legislative competence relating to Fixed-odds Betting Terminals (FOBTs).

NCF's position on this matter is that we do not wish to comment on the UK Government's proposed Clause 45 in the Scotland Bill 2015 (regulation of betting premises) as we have a policy of not commenting on matters that only relate to other gambling sectors, in this case being the bookmaking industry. We believe it is a matter for the government to agree the best approach with representatives of the sector, or sectors, involved.

However, we note with concern the alternative suggested by the Scottish Government, being to extend the provision to include land based casinos (see details below). NCF has serious concerns about this suggestion. Not only do we consider it to be unnecessary and inappropriate where casinos are concerned but we would also strongly recommend the continuation of centrally co-ordinated regulation of casinos across all of the nations of the UK given the much smaller numbers involved. This is a regime that has facilitated the promotion of a programme of increasingly robust social protections.

We would, of course, be very happy to work closely with the Scottish Government to ensure that its concerns are identified and addressed.

Differences between Betting Premises (LBOs) and Land Based Casinos

In order to fully understand the concerns that NCF has with the proposed alternative provision, it might be helpful to firstly provide a very brief overview of what NCF believe are the "differences" between LBOs and Casinos.

In the UK overall there are some 8,900 LBOs compared to just 145 casinos. Of these, there are **1100 LBOs in Scotland** compared to **14 casinos**. (There is also a licence yet to be granted for one 2005 Act "small" casino).

Each LBO is permitted four machines of category B to D. LBOs largely choose to install B2 machines (FOBTs) to the full quota of four machines per shop. Therefore the total of B2 machines (FOBTs) in LBOs in Scotland is circa 4,400 (1,100 x 4) from a total of circa 35,000 FOBTs across the UK bookmaking sector (according to Gambling Commission statistics).

By contrast, each casino is permitted to have a maximum 20 machines of Category B to D, with a total of only 2,729 machines in use across the UK. Casinos, in the main, choose to have B1 machines (with a maximum stake of £5 & jackpot of

£10,000); this type of machine is permitted solely for casino use. B2s (FOBTs) in casinos do not generate more income than B1 machines.

There has not been any increase in crime, damage to machines nor threats to casino staff which demonstrates that casinos are the appropriate environment for B2s (FOBTs) if we include our near perfect pass rate from age verification test purchases we can only conclude that the problems associated with B2s (FOBTs) are not the machines themselves but perhaps with the ambient gambling locations.

Casinos can choose to include B2 machines (FOBTs - max stake £100) within their allowance of twenty machines but in general they do not.

There are currently **only ten B2 (FOBT) machines within 14 casinos in Scotland**, the equivalent of two and a half bookmakers' shops.

We believe that proposals to include Scottish casinos regarding B2s (FOBTs) would be inappropriate and to regulate this small number of casinos and machines separately to the rest of the UK would unnecessarily complicate the legislation.

There are further reasons why casinos do not need to be included in these proposals, given the wholly different environment. Again, we do not wish to comment on the bookmaking sector itself, only to illustrate the differences to the controls that are available in casinos. The key differences are as follows:-

- **LBOs are small shops mainly situated on the “High Street” and access is simple.**
- **Casinos in Scotland are not generally situated on the “High Street” and customers have less opportunity to enter on impulse when passing. In most cases they are “destination” venues, that is, located slightly out of town or on retail parks where it requires a specific decision to drive there.**
- **LBOs have no membership or door entry requirements. There is no dedicated reception area or staff to monitor entry, with doors instead being directly off the street. The staff to customer ratio is usually very low with only one or two members of staff per LBO.**
- **All casinos, by law, are required to have trained and licensed door staff to monitor entry and have a reception area to control entry. The ratio of staff to customers is very high, with dedicated staff monitoring machines and customer behaviour in the premises at all times.**
- **Casinos generally provide a wide range of leisure facilities, including bars, restaurants and live entertainment in addition to table gaming, poker and machines.**
- **The economic benefits: casinos provide stable employment, circa 100 FTEs (the minimum number per casino not including indirect employment), as well as benefits to local communities as part of a**

vibrant night time economy (NTE). For example the 2009 Night-Mix Index demonstrates the value of Glasgow's NTE as £903m and Edinburgh £863m.

- **NCF arranges independent, unannounced and random age verification testing of entrance to casinos. The latest testing showed a 98% pass rate, the highest score of any UK land based gambling sector.**
- **All casino gaming staff are fully licenced by the Gambling Commission and receive continual Responsible Gambling Training. Again, this is independently audited.**
- **Casinos operate a cross-operator, voluntary self-exclusion scheme 'SENSE', across the UK.**

Therefore, whilst LBOs and Casinos are both "gambling premises", the above overview shows that, in reality, they operate within completely different environments. This is acknowledged by the Former Minister for Gambling Richard Caborn MP, who said in his evidence to DCMS "casinos are the safest place to gamble" (12th January 2012).

Having given the above background, we have answered below the Committee's specific questions in the consultation

NCF Answers to Committee's Questions:

- 1. What would be the benefits and disadvantages for you as a consequence of the UK Government's proposed provision in the Scotland Bill 2015?**

As mentioned above, NCF has a policy of not commenting on matters that affect other gambling sectors but not casinos. As the current proposal (Clause 45 as written) only affects "betting premises", NCF will maintain its policy and has not commented on Question 1.

- 2. What would be the benefits and disadvantages for you as a consequence of the proposed alternative provision suggested by the Scottish Government?**

The consequence of the proposed change would be that casinos would be affected, and that the Scottish Government would regulate certain categories of gaming machines within a casino; currently B2 machines (FOBTs). As stated above, there are a total of only ten (10) B2s in Scottish casinos, and we therefore suggest that there is no requirement to extend the provision to casinos. This is both because the total number of additional machines that would be included is minute, and also because casino premises are already much more strictly controlled and regulated, and completely different in many ways from LBOs.

LBOs in the main have B2 machines, whereas casinos have B1 and B2 machines. This is an important distinction because, if the proposed change were made, it would

mean that **B1 machines would be regulated by the UK Government and the tiny number of B2 machines would be regulated by the Scottish Government. This would basically be dual regulation, a potentially untidy and confusing administrative outcome.**

In Clause 45, the terms “B2” and “FOBT” are not used. The wording refers to: “the number of gaming machines authorised for which the maximum charge for use (*our wording stake*) is more than £10”. As there is currently only one category of machine that has a stake over £10, namely, a B2 (FOBT) at a stake of £100, the proposed legislation currently only relates to B2 (FOBT) machines. However, if the UK Government were to change the stake of B1 machines in the future from the current £5 to £10 or over, then B1 machines in casinos would also be affected.

Furthermore, this would bring Scotland’s less than 300 B1 machines in casinos under Scottish Government regulation, while the remainder would continue to be regulated by the UK Government, which could cause the potential for confusion and legislative disharmony, leading to a less co-ordinated and coherent regulatory regime. This, in our view, would be unnecessary given that the issue the Scottish government intends to address is not related to B1 machines.

The main proposal currently only relates to “new” premises. As mentioned above, casino licences/numbers are finite. There can be no more casino licences granted and therefore Clause 45 would not affect casinos even if the proposed change was made, other than the one 2005 Act “Small” casino licence were it ever to be granted and operated.

The alternative proposal seeks to include existing premises. If this was granted, and existing casinos were also included, then of course casinos would be affected. As above, NCF believes the inclusion of casinos is neither required nor beneficial to any party, as there are only ten (10) B2 machines in casinos in Scotland and the operation of those premises is completely different from LBOs.

To our knowledge there has never been an issue or media interest regarding B2s in casinos. The level of monitoring and control (including much more widespread use of casino loyalty cards and membership) is significantly higher than can be achieved in high street bookmakers.

3. Which of these approaches do you prefer and why?

NCF strongly opposes the alternative proposal in that it includes casinos for the reasons set out above. We do not comment on Clause 45 as written as casinos are not affected.

4. Are there any change in this area of law you would like to see which are not covered by either proposal and why?

NCF wishes to see no other changes in relation to B2 machines. NCF is currently in discussions with the Gambling Commission and UK Government (DCMS) regarding a number of other regulatory changes, which includes machine numbers. It can be seen that, despite the fact that casinos are acknowledged to be the safest and most

strictly regulated environment for gambling, other sectors of the gambling industry have more products.

5. Please make any further comment you feel is relevant to Committee's inquiry into FOBTs

No comment.