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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>2 February 2016</b>
<b>Report By:</b>	<b>Head of Legal &amp; Property Services</b>	<b>Report No:</b>	<b>GM/LP/009/16</b>
<b>Contact Officer:</b>	<b>Gerard Malone</b>	<b>Contact No:</b>	<b>01475 712710</b>
<b>Subject:</b>	<b>Fixed Odds Betting Terminals</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to consider the issues affecting Fixed Odds Betting Terminals within Inverclyde and to determine whether representations to relevant parties are to be made on behalf of the Council.

## 2.0 SUMMARY

- 2.1 A Notice of Motion by Councillor Campbell-Sturgess, countersigned by Councillor Brooks, was considered by the Council at its meeting on 3 December 2015. The Council decided to support in principle the intent of the motion but decided that a report be considered by this Committee on the issues affecting Fixed Odd Betting Terminals within Inverclyde prior to any representations being made to relevant parties.
- 2.2 Clause 45 of the Scotland Bill 2015-16 seeks to devolve legislative competence in relation to gaming machines authorised by a betting premises licence where the maximum charge for a single play is more than £10. The Gambling Act 2005 would be amended so that Scottish Ministers would be able to make an Order, subject to procedures, to vary the number of these machines allowed on betting premises and this power would only apply to applications for new premises licences. It has also been suggested that retail betting shops should be placed in a distinct planning class so that planning permission must be sought when a betting company takes on new premises in order to open a retail betting shop, regardless of what those shop premises were used for previously.
- 2.3 The Local Government & Regeneration Committee of the Scottish Parliament has recently undertaken an inquiry into Fixed Odds Betting Terminals and its findings have been published on 21 December 2015.
- 2.4 This report reviews the present position on the outcome of the inquiry and notes the current legislative arrangements as affecting relevant premises within Inverclyde.

## 3.0 RECOMMENDATION

- 3.1 That the Committee consider the current position and, in terms of the Council's in principle support, remits it to the Chief Executive to write to UK and Scottish Ministers to make representations for greater local control of Fixed Odds Betting Terminals.

**Gerard Malone**  
**Head of Legal & Property Services**

## 4.0 BACKGROUND

- 4.1 All betting, gaming and lotteries legislative regulation are matters which are reserved to the UK Parliament. However, clause 45 of the Scotland Bill proposes devolving legislative competence in relation to gaming machines authorised by a betting premises licence where the maximum charge for a single play is more than £10. The Gambling Act 2005 would be amended so that Scottish Ministers would be able to vary the number of machines allowed on betting premises. The power would only apply to applications for new premises.
- 4.2 Fixed Odds Betting Terminals are electronic machines sited in betting shops which contain a variety of games, including roulette. These machines allow players to bet on the outcome of various games and events with fixed odds returns. The most commonly played game is roulette, but other games include bingo, simulated horse and greyhound racing and a range of slot machine games. Each machine accepts bets for amounts up to a pre-set maximum and pays out according to fixed odds on the simulated outcomes of such games. The Gambling Act 2005 classified Fixed Odds Betting Terminals as B2 gaming machines. Up to four machines of this type can be sited on any betting premises. The maximum stake on a single bet is £100, the maximum prize is £500.
- 4.3 It is fair to say that B2 machines have involved controversy since their introduction as critics have pointed out that it is possible to lose large amounts of money in a short space of time and that the machines have an effect in problem gambling. This contention is contested by the gambling industry which says there is no evidence of a link between such B2 machines and problem gambling.
- 4.4 In terms of the current debate, the effect of any change of the Gambling Act 2005 in the above terms would mean that Scottish Ministers would have the authority to vary the number of machines allowed on betting premises. Since 2005, the number of machines permitted on each premises with a betting licence has been limited to four. The power to vary that limit in terms of the current debate would only apply for applications for new premises. The Scottish Government's proposed alternative clause replaces references to betting premises with a more general reference to gambling premises so as to have effect on casinos as well as betting shops. The proposed alternative would also extend to existing premises.
- 4.5 In 2015, the Scottish Parliament Local Government & Regeneration Committee invited responses on the level of control of Fixed Odds Betting Terminals as proposed in the Scotland Bill. The questions asked by the Local Government & Regeneration Committee were as follows:
- What would be the benefits and disadvantages for you as a consequence of the UK Government's proposed provision in the Scotland Bill 2015?
  - What would be the benefits and disadvantages for you as a consequence of the proposed alternative provision suggested by the Scottish Government?
  - Which of these approaches do you prefer, and why?
  - Are there any changes in this area of law you would like to see which are not covered by either proposal, and why?
  - Please make any further comment you feel is relevant to Committee's inquiry into FOBTs.
- 4.6 The closing date for the Local Government & Regeneration Committee enquiry was 28 August 2015 and 13 local authorities submitted representations by that date. There were substantial numbers of other representations made by other parties, including CoSLA, the Care Society of Scotland and the Association of British Bookmakers and a number of high street bookmakers.
- 4.7 The Local Government & Regeneration Committee's inquiry was published on 21 December 2015 and is referred to further in section 7 below.

## 5.0 INVERCLYDE

- 5.1 The only premises where Fixed Odds Betting Terminals can be sited are Large Casinos, Small Casinos, Betting Shops and Tracks occupied by pool betting and each of these types of premises are restricted in the number of machines permitted. The Gaming Machine (Circumstances of Use) Regulations provides how the machines are managed and operated. In certain circumstances the limit is reduced to £50 where the machines are made available on premises (except Casino premises).
- 5.2 Betting Shops are permitted up to four machines. There are 18 Betting shops currently within the Inverclyde area:
- Greenock – 13 premises
  - Port Glasgow – 4 premises
  - Gourock – 1 premises

There are no Casinos or Track Premises Licences in Inverclyde.

- 5.3 Betting premises do not require to advise the Licensing Board of the actual number of these machines located at each premises which may be up to the limit of four machines.
- 5.4 Premises operating Category B2 machines must comply with the Gambling Commission Gaming Machine Technical Standards which includes requirements with respect to game features, display notices and general machine operation including metering.

For information, other gambling premises licences in Inverclyde are as follows:

### Bingo

1 premises – Greenock – no Fixed Odds Betting Terminals permitted.

### Adult Gaming Centre

15 premises of which 12 are located in vessels and 3 are premises in Greenock – no Fixed Odds Betting Terminals permitted.

### Family Entertainment Centre

1 premises – Wemyss Bay – no Fixed Odds Betting Terminals permitted.

In addition, Gaming Machine Permits are held by:-

Club Premises (Alcohol Licensed Premises) – 8 – no Fixed Odds Betting Terminals permitted.

Licensed Premises (Alcohol) – 5 – no Fixed Odds Betting Terminals permitted.

### Licensed Premises Automatic Entitlement (Alcohol)

25 Licensed Premises (Alcohol) have automatic entitlement to up to two gaming machines – no Fixed Odds Betting Terminals permitted.

### Unlicensed Family Entertainment Centre Permit

1 premises – Wemyss Bay – no Fixed Odds Betting Terminals permitted.

## **6.0 RELEVANT ISSUES**

- 6.1 In terms of general impact on the Inverclyde community and beyond, the issues for Fixed Odds Betting Terminals involve the effects on public health including the level of stakes, prizes and the duration and speed of play in terms of gambling behaviour and any gambling problems, any addictions or any health or other harm. There is clearly an issue in general in relation to an understanding of the impact of any problem gambling and how it may itself relate to a range of other issues involving poverty and both mental and physical health. These are wider issues affecting the awareness and promotion of public health, prevention from harm, and the support and assistance that can be obtained from effective and proportionate regulation and constraint.
- 6.2 It may be argued that the attempt to prevent the proliferation of Fixed Odds Betting Terminals is both an overdue step and a welcome step and that if it is devolved to communities along with the necessary planning and licensing authority provisions, then decisions may be made on a local level in relation to the number and location of new premises.
- 6.3 There are wider issues in respect of public health and the proposals as drafted within the Bill may be considered as being limited in scope and progress has to be made in understanding how problem gambling affects communities, families and individuals together with its impact on a wider range of policy issues including health, justice and poverty.

## **7.0 FINDINGS OF THE SCOTTISH PARLIAMENT INQUIRY**

- 7.1 The Local Government & Regeneration Committee published its report on 21 December 2015. The report is available on the Scottish Parliament website and has also been made available (2 copies) with Members' Services. In summary, the report finds that there should be devolution of further powers to the Scottish Parliament, that there should be power to limit the number of Fixed Odds Betting Terminal machines in new premises, that there should be power to limit the number of all machines authorised under all betting premises licences, there should be powers to limit the number of all gaming machines under all betting and gambling licences and that any existing powers be used to the full in relation also to inspecting licensed betting premises and the reviewing of licences.
- 7.2 The inquiry considered that the speed of play and the maximum stake are highly relevant factors and is of the opinion that Fixed Odds Betting Terminals are a particularly addictive gambling product and that there is sufficient evidence and concern to suggest a need for more definitive research to inform the debate for purposes of any future policy making. The Local Government & Regeneration Committee was not satisfied that the provisions contained in the Scotland Bill represented meaningful devolution of effective powers as they would create only an unequal market place and regulatory confusion between new and existing betting premises licence holders. For that reason, that Committee supported the principle that the Scotland Bill provisions should apply to existing betting premises licences and that the Scotland Bill should be amended to ensure that the provisions also apply to those existing licences.
- 7.3 The findings of the inquiry are specified in full in the published report and these points are, of course, only a summary. It is the Scottish Government's position that all gaming and betting powers should be devolved to the Scottish Parliament and that devolution of this policy area would enable the Scottish Parliament to develop a strategic approach to betting and gambling. It is that Committee's strong view that planning law should be amended to empower local authorities to control the number of licensed betting premises and, therefore, Fixed Odds Betting Terminals within communities and it has urged the Scottish Government to make the necessary changes to the Use Classes Order in early course: to that effect, it has been recommended that the Scottish Government re-consider the issue of Use Classes as soon as the Scotland Bill is passed.

- 7.4 The Scotland Bill started in the House of Commons with its first reading on 28 May 2015 and it is currently at its Committee stage in the House of Lords which commences on 19 January 2016. After this, the Bill has its Reporting Stage and then its final, third reading. After this, the Bill will return to the House of Commons for the House of Lords amendments to be considered before it can become an Act when both Houses have agreed on the exact wording of the Bill.
- 7.5 In view of the above and in respect of the timescales, it is suggested that it is appropriate, if the Committee approves, to write to both the UK and Scottish Ministers to advise of the Council's broad support of the findings and to make representations for greater local control of Fixed Odds Betting Terminals. Draft letters to the respective Ministers of the UK and Scottish Parliaments are attached as Appendix 1.

## 8.0 IMPLICATIONS

### Finance

- 8.1 There are no financial implications.

#### Financial Implications:

##### One Off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

##### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if Applicable)	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

### Legal

- 8.2 This report summarises the current legal position and outlines the findings of the Scottish Parliament Local Government & Regeneration Committee report.

### Human Resources

- 8.3 There are no HR implications.

### Equalities

- 8.4 There are no Equalities implications.

### Repopulation

- 8.5 There is no direct effect on repopulation issues.

## 9.0 CONSULTATIONS

- 9.1 This report has been the subject of consultation with the Head of Safer & Inclusive Communities.

## **10.0 BACKGROUND PAPERS**

10.1 Local Government & Regeneration Committee inquiry into Fixed Odds Betting Terminals.

# APPENDIX 1

Our Ref: GM/AI

Your Ref:

Date: 20 January 2016

**Environment, Regeneration & Resources**  
Corporate Director: Aubrey Fawcett

Municipal Buildings  
Clyde Square  
Greenock  
PA15 1LY

Tel: 01475 712764

Fax: 01475 712731

[aubrey.fawcett@inverclyde.gov.uk](mailto:aubrey.fawcett@inverclyde.gov.uk)

Ms Tracey Crouch MP  
Parliamentary Under Secretary of State for Sport,  
Tourism and Heritage  
House of Commons, London, SW1A 0AA

Dear Ms Crouch

## **Inverclyde Council Fixed Odds Betting Terminals**

I have been requested to write to you on behalf of the Council to express its concern in relation to Fixed Odds Betting Terminals.

In particular, the Council is concerned relative to the general impact on the Inverclyde community and beyond in relation to the effects on public health involved with Fixed Odds Betting Terminals. These concerns include the level of stakes, the prizes and the duration and speed of play in terms of gambling behaviours and any impact these may have on gambling problems or any addictions or health

The Council welcomes steps to further regulate Fixed Odds Betting Terminals and is aware of the current issues in respect of the progress of the Scotland Bill and also the findings of the Scottish Parliament's Local Government and Regeneration Committee which has recently published its report following upon its Inquiry. The Council wishes you to note its general support of the Local Government and Regeneration Committee's findings. It is the Council's specific request that there be greater local control of Fixed Odds Betting Terminals. For that purpose, the Council agrees that there should be devolving of such further powers to the Scottish Parliament as to provide for the restriction in numbers of Fixed Odds Betting Terminals in both new and existing premises. The speed of play and the maximum stake are highly relevant factors in any addictive behaviour and there is a need for definitive research to inform the debate for purposes of any future policy making. The Council requests that the Scotland Bill's devolution of effective powers must ensure that there is no unequal market place or any regulatory confusion between new and existing betting premises licence holders. For this reason, the Council supports the view that the Scotland Bill's provisions apply to existing betting premises licences and that the provisions should also apply to existing licences.

It is noted that the Scottish Government's position is that all gaming and betting powers should be devolved to the Scottish Parliament and that devolution of this policy area would enable the Scottish Parliament to develop a strategic approach to betting and gambling. It is the Council's view that local government is placed at the most appropriate level to take decisions about the right number of licensed betting premises within a community and local authorities should be given effective power to take these decisions. Additionally, the Council would seek to ensure that effective powers for entering and inspection should exist through the Gambling Act 2005 to provide for inspect of licences.

The Council will write to the Scottish Government to request that necessary changes be made to the terms of planning legislation in respect of the Use Classes Order in early course for the purposes of separate categorisation of such premises in order to empower local authorities in respect of their planning functions.

I should be pleased if you would consider the terms of the Council's representations. Please contact me if I can assist or clarify any point of the Council's concerns.

Yours sincerely

Gerard Malone  
Head of Legal & Property Services

DRAFT

Enquiries to Gerard Malone  
Tel: 01475 712710  
E-mail: [gerard.malone@inverclyde.gov.uk](mailto:gerard.malone@inverclyde.gov.uk)

Our Ref: GM/AI

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Date: 20 January 2016

**Environment, Regeneration & Resources**  
Corporate Director: Aubrey Fawcett

Municipal Buildings  
Clyde Square  
Greenock  
PA15 1LY

Tel: 01475 712764

Fax: 01475 712731

[aubrey.fawcett@inverclyde.gov.uk](mailto:aubrey.fawcett@inverclyde.gov.uk)

Mr Michael Matheson MSP  
Cabinet Secretary for Justice  
St. Andrew's House  
Regent Road  
Edinburgh  
EH1 3DG

Dear Mr Matheson

**Inverclyde Council**  
**Fixed Odds Betting Terminals**

I have been requested by the Council to write to you in relation to its concerns relative to Fixed Odds Betting Terminals.

The Council has considered the recently published report by the Scottish Parliament's Local Government and Regeneration Committee and is supportive of its findings.

In particular, the Council is concerned relative to the general impact on the Inverclyde community and beyond in relation to the effects on public health involved with Fixed Odds Betting Terminals. These concerns include the level of stakes, the prizes and the duration and speed of play in terms of gambling behaviours and any impact these may have on gambling problems or any addictions or health. The Council is of the view that there could be wider issues in respect of public health in relation to these machines and there is sufficient evidence and concern to suggest a need for more definitive research to assist and inform the debate for purposes of any future policy making. The Council welcomes the intention to empower local authorities in this policy area.

The Council supports the Local Government and Regeneration Committee's findings that there should be devolving of further powers to the Scottish Parliament with power to limit the number of Fixed Odds Betting Terminals in betting premises licences. The Council is very supportive of the principle that the Scotland Bill provisions should apply to both existing betting premises licences and to existing licences in order to avoid any unequal market place effect or regulatory confusion between new and existing premises.

The Council notes that it is the Scottish Government's position that all gaming and betting powers should be devolved to the Scottish Parliament and the Council agrees that devolution of this policy area conforms with the Council's approach for local decision making and regulation of this area of concern. The Council also is of the strong view that the planning legislation should be amended to empower local authorities to control the number of betting premises licences with any necessary changes for the Use Classes Order in early course.

I have been requested to write in similar terms to the U.K Parliamentary Under Secretary of State for Sport, Tourism and Heritage, Ms Tracy Crouch M.P.

I should be pleased if you would note the Council's representations. Please contact me if I can clarify or expand upon any point of the Council's representations.

Yours sincerely

Gerard Malone  
Head of Legal & Property Services

DRAFT

Enquiries to **Gerard Malone**  
Tel: **01475 712710**  
E-mail: **[gerard.malone@inverclyde.gov.uk](mailto:gerard.malone@inverclyde.gov.uk)**