Local Authorities and the Gambling Commission: Working in Partnership

Under the Gambling Act 2005, local authorities have new duties to grant gambling premises licences and to work in partnership with the regulator, the Gambling Commission, which grants licenses to individual proprietors and company operators.

The local authority (LA) panel involved Stuart Bailie from Newham Council, Chris White, an elected councillor from Hertfordshire County, Shalini Ramanathan from the Borough of Hackney and Emily Scantlebury from LACORS. It was noted that local authorities and agencies provide services (such as debt, counselling, health, CABs, legal aid and so on) that ‘pick up the pieces’ after gambling becomes a problem. LACORS deals with queries from local authorities on the technical or legalistic implications of the Act. As noted in the summing up by Professor Hancock from RIGT/RGF, the gambling industry is continually evolving with new adaptations (such as split premises and the definition of ‘primary activity’) that test licensing enforcement officers. Professor Helen Sullivan (University of Birmingham), an urban governance expert, saw gambling as a ‘wicked issue’ that involves local and central government, professionals and communities. With conflicting views, much comes down to local governance and communities acting together, locally, to make a difference; with local decision making underpinned by an agreed set of values and evidence that enables LAs to think more broadly about economic and social wellbeing in the context of regulation and services.

Final comments from the Gambling Commission and LACORS raised practical issues for LAs within a ‘co-regulatory system’, the broader context of the Better Regulation agenda and Hampton Principles.

---

1 Arrangements for gambling research, prevention and treatment have been changed with the establishment of a new national independent Strategy Board (chaired by Baroness Neuberger) to advise the Gambling Commission and, in turn, the Department for Culture, Media and Sport (DCMS), on research, education and treatment programmes needed to support a national responsible gambling strategy. The Responsibility in Gambling Trust (RIGT) has been replaced with two new charities; a fundraiser – The GREaT (Gambling Research, Education and Treatment) Foundation and RGF (Responsible Gambling Fund).
Gambling Impact Awareness Raising

Many people gamble without problems and some forms of gambling can bring benefits. For example, since 1994 the National Lottery has raised over £22 billion for good causes. But the impacts of gambling differ according to the type of gambling. A general finding internationally is that products like the National Lottery are at the least harmful end of a continuum, with gambling machines and other continuous forms of gambling at the other, potentially more harmful, end.

According to the international literature in countries like Canada, Australia, New Zealand and Norway, the distribution, location, accessibility and hours of opening of gambling venues offering such continuous forms of gambling are becoming an issue; and disproportionate numbers of machines located in areas high on disadvantage and vulnerability indexes have become a source of harm both to individuals who have problems with their gambling and in terms of the cost to their families and broader communities. In terms of those most affected by gambling harms, the British Gambling Prevalence Survey 2007 found that some groups are more affected by gambling related harms than others (see Box 1).

Box 1: Prevalence of Problem Gambling

People experiencing gambling problems differ by age, ethnicity and gender. Gambling prevalence studies (Wardle et al, 2007; NLC 2006) find that problem gambling:

- **Increases with age.** It is highest among those aged 12-15 (3.5%) and 16-44 year olds (0.9%). It is lowest among 55-64 year olds (0.1%) and those aged 65 and over (0.2%);
- **Varies by ethnic group** and was higher among those of Asian or Asian British origin (5% for adolescents 1.4% in over16s), and Black or Black British origin (5% for adolescents, 2.0% in over 16s), than those whose ethnic group was White (3% for adolescents, 0.5% for over 16s).
- **Higher among males** (5% of adolescents and 1% of over 16s) than females (2% of adolescents and 0.2% of over 16s)


Professor Tony Schellinck from the University of Dalhousie, Canada, looked at player tracking systems and the use of central monitoring data systems (e.g. as exists for FOBTs now B2+ machines) where data is streamed to one source. This research has been used by casinos in, for example, Saskatchewan, to track players and identify those with problem or at risk gambling. He highlighted how to use such data for research to alleviate harms and for interventions that assist in curbing problem

---

2 The Gambling Commission has published a scoping study 'Impact of high-stake high-prize gaming machines on problem gambling. Overview of research findings:
Communities need to be aware of impacts (see Box 2) to maximise benefits and minimise costs. Local Authorities can encourage community-based agencies to increase their own awareness, consider the implications and monitor costs and benefits for their service users and communities as a whole.

Professor Jim Orford (University of Birmingham) described gambling as ‘a minefield’ and argued against assuming the UK has an acceptable level of prevalence on the grounds that average levels mask localised concentrations - particularly in areas high on measures of deprivation.

**Box 2: Gambling Impacts** – See May-Chahal et al 2007

<table>
<thead>
<tr>
<th>Economic</th>
<th>Social</th>
<th>Health</th>
<th>Cultural</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benefits</strong>&lt;br&gt;Benefits to users (consumer surplus)&lt;br&gt;Ancillary economic benefits from casino/gambling development&lt;br&gt;National and local government benefits (e.g. taxation)&lt;br&gt;<strong>Costs</strong>&lt;br&gt;Problem gambling&lt;br&gt;Increases in criminal activity&lt;br&gt;Degradation of the environment&lt;br&gt;Displacement (movements from one form of gambling to another)</td>
<td><strong>Benefits</strong>&lt;br&gt;Acceptance, social networking&lt;br&gt;Crime reduction&lt;br&gt;<strong>Costs</strong>&lt;br&gt;Crime&lt;br&gt;‘In-house’ crime, crime committed to acquire funds to gamble or pay debts, crime as a by-product of gambling (e.g. family violence)&lt;br&gt;Housing&lt;br&gt;Loss of home, need re-housing&lt;br&gt;Other debt related&lt;br&gt;Family relationships&lt;br&gt;Child maltreatment, domestic violence&lt;br&gt;Work&lt;br&gt;Loss of time and job</td>
<td><strong>Benefits</strong>&lt;br&gt;Recreation&lt;br&gt;<strong>Costs</strong>&lt;br&gt;Stress disorders&lt;br&gt;Addictive Disorders&lt;br&gt;Suicidality&lt;br&gt;Some evidence of physical health problems</td>
<td><strong>Benefits</strong>&lt;br&gt;Increase in social networks&lt;br&gt;Increasing leisure opportunities&lt;br&gt;<strong>Costs</strong>&lt;br&gt;Reducing social capital</td>
</tr>
</tbody>
</table>

Controversies surrounding the call for LA applications for the 16 new 2005 Gambling Act casinos and some licensing applications have initiated local concern on matters like the increase in local betting shops and the as-of-right entitlement to 4 FOBTs (fixed odds betting terminals or B+ machines). Impacts may accumulate in unanticipated ways (see Box 3).
Box 3: Licensing in Hackney - identifying cumulative impact on the high street (thanks to Shalini Ramanathan, Hackney Borough Council)

One issue raised by the seminar was the inability of local authorities to deny gambling premise permits on demand grounds and loopholes in ‘change of use’ policy. For Hackney this has resulted in an ‘accumulation impact’. The borough has 69 bookmaker’s shops (compared to a national average of 20). If you are affected by accumulating impact please email c.may-chahal@lancaster.ac.uk & Natalie.simpson@rgfund.org.uk

International evidence on safeguarding from gambling harm

Which gambling products are harmful?
Gambling machines, variously called slots, fruit machines, pokies or electronic gaming machines (EGMs) and FOBTs are identified as a form of locally accessible land-based gambling, in venues such as bookmakers shops, hotels, amusement centres and bingo halls associated with gambling-related harm to individuals, their families and communities.

Australian gambling machine researcher Dr. Charles Livingston from Monash University says: ‘there is no doubt that EGMs utilise principles of conditioning, achieved via schedules of reinforcement embedded in game maths and embodied in PAR sheets, to render their products effective in inducing people to keep playing them’. (Livingston 2008) (See Livingston et. al 2007 and Wooley 2008.)

Is Cashless gambling useful for public interest regulation and player protection?
Professor Schellinck noted some jurisdictions are piloting cashless gambling (for example, a card based gambling pilot currently underway in the Canadian province of Nova Scotia). Such systems enable player protections such as self exclusion and pre-commitment of amounts available to be gambled. Such systems can entail central monitoring data systems which also enable regulators to track the amount gambled or lost across different modalities of gambling. In the UK, the Gambling Commission has published (December 2008) a scoping report on Cashless and Card Based Technologies in Gambling: A Review of the Literature. The report states that ‘considerations for a more proactive and more stringent policy on cashless and card-based responsible gambling features may be part of a wider overhaul of the EGM
industry in the UK which may also consider other aspects of technological developments in EGMs, such as server-based games and central monitoring' (GC, 2008, 13.7

Of relevance to the economic and social impacts of the 16 new casinos, DCMS has commissioned a study: Social and Economic Impact of New Casinos - Setting a Baseline (forthcoming 2009).

**What are the regional benefits of gambling?**

In his presentations to the seminar, Associate Professor Michael O’Neil from SACES University of Adelaide (Australia) said that in terms of jobs generation, gambling is capital intensive not labour intensive; with approximately 3.2 jobs per A$1 million of income. This means it is not as effective in generating jobs as some other forms of employment. Also, the revenue (net gambling revenue, or NGR) from gambling flows to operator/owners who usually live outside the local community and shifts from other forms of local consumption to recreational gambling can lead to a fall in local income (owing to shifts in expenditure from pre-existing businesses to gambling). National regulatory systems vary. For example, in New Zealand, which takes a public health approach to gambling, gaming machines are licensed in hotels/clubs only as a form of community fund raising. New Zealand has a per head average annual expenditure of $436 compared to Australia, with $932 per head per year. So it is not only the local exposure to gambling that can make a difference to gambling participation, but whether it is set up to benefit private enterprise or as in New Zealand, local charitable trusts. Nonetheless in both countries, it is the higher density of gaming machines in poorer communities that leads to higher gambling expenditures from the communities that can arguably least afford it.

The experience in Australia, conclusively, is that it is less well off communities, the most vulnerable communities measured on almost all social and economic indicators that participate in EGM gambling and lose the most per adult person; contributing to a reversal of the progressivity of the tax system. Thus, O’Neil argues that gambling losses are a form of regressive taxation on communities because higher government tax revenue (and industry profits) flow disproportionately from poorer and more vulnerable communities.

**Local Government Social Impact Assessments**

As pointed out by Michael O’Neil, looking at how other local governments internationally deal with gambling can be instructive to UK LA’s. Most Australian jurisdictions require Social Impact Assessments. For example, New South Wales requires that economic and social impact not be detrimental to the local community and has a formal assessment process. This includes problem gambling, gambling prevalence, employment implications and recreational effects. To assist

---

3 Comparisons within Australian states show that Western Australia, (with gaming machines only in the Burswood Casino in Perth) has a per capita expenditure of $460 per year on gambling compared to $1,133 in Victoria where 27,000 machines are allowed in hotels and clubs in community and high street locations and the Melbourne casino.
communities and local authorities with their assessments, gambling revenue data including number of gaming machines, number of venues, and figures on annual net gambling losses are available for all local government areas. This enables comparisons between local government areas in terms of the density of gambling, amount of player losses and assessments of the density of gambling machines to be calibrated against indexes of disadvantage or vulnerability. In Queensland, a Community Impact Statement is required which includes social and economic impacts and net social, economic and overall impacts. These include:

Social and Economic Impact Indicators
- number of problem gamblers, prevalence, demand for help services
- indicators of financial stress
- accessibility: venues, EGMs and density per capita
- expenditure or net gaming revenue (player losses) per adult
- synergy with neighbouring businesses and residences
- compatibility with amenity/character of Council
- financial/non-financial contributions to Council
- effectiveness of responsible gaming activities.

Economic Impacts
- site employment and other employment
- employees sourced from the local area
- impact on other businesses (sales, employment, closures)
- projected net gaming revenue (losses)
- economic value: purchases, construction, sponsorship.

O’Neil concluded that the location of a casino in a community will only stimulate regeneration if it is a single, monopoly supplier, which is not the industry structure currently proposed in the UK. Thus, the casino industry is unlikely to contribute to local economic regeneration as this is mostly achieved by “exports” — that is if a casino attracts residents from other regions. The industry will not contribute to higher labour force participation and will result in significant capital outflows.

What can Local Authorities do?
- Understand how to minimise costs (associated with problem gambling, displacement and crime)
- Understand how to make connections between benefits and costs and allocate responsibility
- If focusing on casino costs, benefits and responsibility – need good baseline data
- Monitor growth and location of new gambling opportunities (particularly those involving electronic gaming machines and FOBTs)
- Ensure an Integrated Impact Assessment process

---

Communities in other parts of the world have taken an interest in monitoring problems that arise. Using data they are beginning to manage gambling in their locality more successfully (see http://www.youtube.com/watch?v=v7iqT8dPdQY)

Many people affected by gambling, including gamblers themselves and their families, do not seek help. Introducing a quick and easy screen into routine service delivery in health, social care, criminal justice and other community based agencies is a first important step. A good example of a short screen is the NODS CLiP (see Box 4)

**Box 4: Example of a Short screen - The NODS CLiP**

<table>
<thead>
<tr>
<th>Control:</th>
<th>In the past year, have you tried to stop, cut down or control how much gamble/you do of any of the following things? (list)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lying:</td>
<td>In the past year, have you lied to your family members, friends or others about how much you gamble/do any of the following things?</td>
</tr>
<tr>
<td>Preoccupation:</td>
<td>Have you spent a lot of time thinking about gambling/playing the following?</td>
</tr>
</tbody>
</table>

NB: Signpost anyone scoring 2 or more to GamCare (www.gamcare.org.uk) or their GP.

**Action Planning for Community Agencies**
Professor May-Chahal (Lancaster University) proposed the following actions;
- Collect data on local expenditure (net gambling losses) on different forms of gambling at a local authority and ward level and use this data to inform licensing applications and LA Gambling Policy
- Set up localised collection of data (indicators) on the ‘costs’ weighed against the ‘benefits’ of gambling
- Recognise gambling might be a problem for youth and adult offenders, children in need and vulnerable adults and screen for gambling problems
- Integrate screening for gambling problems into routine practice in health social care debt services and criminal justice agencies where debt seems to be an issue (see Box 4 for example of short screen)
- Incorporate interventions into mainstream responses (YOT, GRIP, probation, sentencing, prisons); signposting gambler’s help services such as GamCare and Gambler’s Anon
- Recognise gender differences and the need for a gendered response in terms of services for people dealing with their own or family members’ gambling. Women may have different motivations and need gender sensitive services (see Anderson et al, 2008)
- Collect and evaluate monitoring data (incorporate into existing data collection along with alcohol and drugs). (See Box 5 for proposed domains and also May-Chahal et al 2007.)
- Evaluate monitoring data on a regular basis: build evaluation into interventions, jointly review monitoring data to inform LA policy
• Children’s services, family support services, adult services in public and third sector – how knowledgeable are they about gambling and the prevention of gambling risks and problems? Include gambling in Children in Need, Domestic Violence and PHSE training
• Understanding differential impacts (gender, age) and links with routine problems (truancy, domestic violence, elder abuse, financial exploitation & direct payments, substance misuse, child protection)
• Working with local employers to ensure a co-ordinated informed response. What kind of information do employers/partnerships need to assess the impact of gambling?
• Monitoring through Job Centre Plus partnerships - drawing on locally designed services e.g. Working Neighbourhoods Fund, City Strategy
• Informing LSPs (Local Strategic Partnerships)
• Being proactive about prevention of gambling related harms – public awareness/information in schools (see ‘RGF Problem gambling Harm Prevention Strategy: www.rgfund.org.uk)

Building on existing data collection to monitor impacts through an Integrated Impact Assessment, May-Chahal et al. (2007) propose collecting data on the items in Box 5 following an international scoping exercise.

**Box 5: Integrated Impact Assessment**

<table>
<thead>
<tr>
<th>Data collection to cover Casino area/Local Strategic Partnership/PCT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police activity (if possible record in relation to any gambling)</td>
</tr>
<tr>
<td>Crime rates (if possible record in relation to any gambling e.g. domestic violence, child abuse, theft and selling drugs)</td>
</tr>
<tr>
<td>Crimes (and public perceptions of) linked to gambling</td>
</tr>
<tr>
<td>Suicides</td>
</tr>
<tr>
<td>Divorce</td>
</tr>
<tr>
<td>Debt</td>
</tr>
<tr>
<td>Child protection referral rates by category</td>
</tr>
<tr>
<td>Domestic violence rates</td>
</tr>
<tr>
<td>Referrals to mental health drug and alcohol services</td>
</tr>
<tr>
<td>Youth offending rates</td>
</tr>
<tr>
<td>Education: attendance and attainment</td>
</tr>
<tr>
<td>Public health indicators already being tracked</td>
</tr>
<tr>
<td>Availability &amp; outcomes of gambling related services</td>
</tr>
<tr>
<td>Population change/employment change (inc. no. &amp; type of jobs created/lost)</td>
</tr>
<tr>
<td>Revenue from business change</td>
</tr>
<tr>
<td>Change in percent of land derelict</td>
</tr>
<tr>
<td>Number of new VAT registrations</td>
</tr>
<tr>
<td>Real estate values</td>
</tr>
</tbody>
</table>

**Overall Conclusions of the seminar:**

LAs face many challenges in their new premises licencing role and a number of barriers to local autonomy of decision making. They also face challenges as the providers of community based services in partnership with the third sector that respond to the difficulties that young people and families may face. The impact of gaming machines is an important issue for some e.g. in the form of the FOBTs that
come with a betting premises licence. Above all, there is a need to focus on the evidence base for the local impact of gambling and its correlates with disadvantage.

Professor Linda Hancock – Responsible Gambling Fund and Deakin University, and Corinne May-Chahal – University of Lancaster.

References

http://www.gamblingcommission.gov.uk/pdf/recovery%20from%20problem%20gambling%20scottish%20nat%20cen%20report%20april%202009.pdf


