



City of Westminster

# Licensing Committee Report

<b>Date:</b>	Wednesday 21 <sup>st</sup> March 2018
<b>Classification:</b>	For General Release
<b>Title:</b>	Gambling Policy Review Approach for 2018/19
<b>Report of:</b>	Director of Public Protection and Licensing
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	N/A.
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## 1 Executive Summary

- 1.1 The report outlines the current research and thinking around vulnerability and the risk of harm from gambling associated with these groups in certain areas across the City.
- 1.2 It also outlines research on the impact of high concentrations of gaming venues in certain areas and high densities of Fixed Odds Betting terminals (FOBTs)
- 1.3 The report also explains the plans to develop a new policy approach for gambling which will be more localised, include the key requirements that the Authority have established during the administration and enforcement of this regime and the time frame for determination and consultation on that new policy.

## 2. Recommendations

2. The Committee note the contents of this report and provides views on the proposed policy development approach and timeframe for consultation and determination.

### 3. Background

- 3.1 The Council is responsible for licensing local gambling within its area. The main gambling activities are provided within gambling premises which must be licensed by the Licensing Authority. The licensing of gambling premises is regulated within the Gambling Act 2005 (the Act). The Act has three licensing objectives:
1. to prevent gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
  2. to ensure gambling is conducted in a fair and open way
  3. to protect children and other vulnerable persons from being harmed or exploited by gambling
- 3.2 Westminster is the leading local authority on gambling licensing within the United Kingdom. It has the highest concentration of gambling premises within the United Kingdom (122 licensed premises), the largest number of casinos within a local area (22 out of a total of 167 across England and Wales) and we are the first local authority in the country to refuse two betting shop applications and review another for local area based risk. The Council's Licensing Service has been proactive in working in with the Gambling Commission which is the National Regulator, alongside gambling operators and gambling care providers. Westminster's approach to licensing of premises used for gambling is considered to be the most robust in the United Kingdom.
- 3.3 The Licensing Service, as part of its wider work on assessing applications for gambling premises, sought to identify those vulnerable groups with an increased risk of experiencing harm as a result of gambling. It also sought to identify their locations within Westminster. In 2015, the council collaborated with Manchester City Council to commission Geofutures: Gambling and Places Research Hub to undertake this research to explore area-based vulnerability to gambling-related harm.
- 3.4 The output from this research was the publication of two reports. The first report set out the evidence base in terms of those groups at risk of gambling related harm and was titled 'Exploring area-based vulnerability to gambling-related harm: Who is vulnerable? Findings from a quick scoping review'. This report was published in July 2015. This report also defined gambling related harm and supporting evidence. . Gambling related harm can be defined as:
- "Harm or distress of any kind caused or exacerbated by a person's gambling, and includes personal, social or economic harm suffered by the person, their spouse, partner, family and wider community, or in their workplace or society at large."*
- 3.5 The second report used the groups identified within the first report and mapped them across Westminster and Manchester, based on a newly developed risk matrix. This report was titled 'Exploring area-based vulnerability to gambling-related harm: Developing the gambling related harm risk index'. This report was published in February 2016. The Risk Matrix for Westminster is attached as Appendix one.

- 3.6 The report established that there were five key hotspot areas within the City where a higher proportion of people were located who may be at risk of gambling related harm. These areas are:
1. North West (Harrow Road)
  2. Paddington and Edgware Road (North)
  3. West End (North)
  4. West End (South)
  5. Victoria and Pimlico
- 3.7 Each area has distinct vulnerability traits that require various approaches based on where gambling premises are located within the City. Even though the risk matrix has identified these hotspots within the City this does not mean that there are no risks of gambling related harm outside of these hotspot areas. The matrix indicates that within those hotspots there are high concentrations of risk factors, which heighten the risk of harm.

#### **4. Gambling Local Risk Assessments**

- 4.1 In April 2016 a new Operating Licensing Condition of the Gambling Commissions Licence Conditions and Codes of Practice (LCCP) came into effect. This condition required all premises based gambling operators to undertake a local gambling risk assessment of their premises and the potential impact that the premises and its operation may have on the licensing objectives. The condition made it a requirement for the gambling operator to consider local area information provided by the Licensing Authority via their Statement of Licensing Principles for Gambling (Licensing Policy).

#### **5. Gambling Policy Review**

- 5.1 The Council's Gambling Licensing Policy has to be reviewed every three years. This was undertaken in 2015. The Cabinet Member made a decision that the Council would undertake a minor amendment to the policy at that time. However, once the research had been completed and consideration on the Councils policy approach was undertaken a further review would be undertaken. Since the review in 2015, the Licensing Service has been considering the Council's approach to gambling. There has also been significant change by the government during this period on the perceived risk from FOBTs (Fixed Odd Betting Terminals) in betting shops.
- 5.2 The Licensing Service believes that a fundamental review of the Councils gambling policy is necessary. The original policy was developed from a template produced at the time by LACORS. The current policy is very generic and is still within the format established in 2006 when the Act came in.
- 5.3 The Licensing Service has commenced drafting a new gambling policy that has developed around the risk-based approach introduced by the Gambling Commission. The new policy will consist of a number of parts that are based on three specific

themes. These themes are geographical and local information (local area profiles), policies relating to gambling premises and permit and other authorisation approach.

#### Local Area Profiles

- 5.4 The Local Area Profiles (LAP) will be a new concept within the policy document and will contain local information relating to Westminster. It will include the research findings and the risk matrix as well as key information on crime, care provisions, school and special education facilities and sensitive premises (homeless hostels, alcohol and drug addiction centres, gambler anonymous meeting locations, etc). The aim of the LAP is to set out the information that gambling operators need to consider for new applications or when updating their risk assessments for existing premises.

#### Special Consideration Zones

- 5.5 The LAP will establish five zones, which have provisionally been named Special Consideration Zones. The zones are the locations of the hot spots identified within the Geofutures risk matrix. These zones will have special policy significance as if a new or variation application is made for premises in that area, then they will have to meet a higher threshold than other applications outside of these zones. Applicants will be expected to specifically set out how they will address the key risk factors for these areas within their risk assessments. The Licensing Authority will assess these and determine whether it feels that the steps suitably mitigate the risks of harm in these areas. If applicants do not sufficiently address the concerns then the Licensing Authority may refuse the application on that basis.

#### Special Policy

- 5.6 The Licensing Service is considering whether the Council establishes the concept of special policies for areas where there is a high level of risk to one or more of the licensing objectives and/or history of local issues at the existing licensed premises. A potential area that the Licensing Service is considering as having a special policy provision is the area around the Harrow Road and Prince of Wales Junction. Due to the level of risk within that area and the previous refusal of a new betting shop and review of William Hills licence there may be sufficient evidence to support a restriction on any new gambling premises in the future due to the impact on the licensing objectives. This area also has a cluster of betting shops that would also increase the risk in that area.

#### Clustering Policy

- 5.7 In September 2016 Geofutures published a further piece of research that was funded by the Responsible Gambling Trust (now Gambleaware) which is funded by the gambling industry. This report titled 'Examining the effect of proximity and concentration of B2 machines to gambling play'. This research used betting operator loyalty card data to examine the relationship between concentrations of category B2 gaming machines (Fixed Odds Betting Terminals FOBT's) in betting shops and gambling behaviour.

- 5.8 The research found that there were higher gambling prevalence rates in those who had a risk of becoming or were considered to be problem gamblers when there are 3 or more betting shops in a local area. The research identified that for a cluster to exist the betting premises had to be within 400m of each other. There was evidence to show that problem gamblers and those who scored a moderate risk of gambling harm were higher in these areas. The research identified that higher density concentrations of B2 gaming machines in betting shops are associated with stronger patterns of gambling.
- 5.9 The Licensing Service has identified 11 clusters of gambling premises (3 or more within 400m of each other) within Westminster (see Appendix two). These are:
1. Victoria
  2. Pimlico
  3. Mayfair (West)
  4. Mayfair (East)
  5. Soho and China Town
  6. Baker Street (North)
  7. Edgware Road (South)
  8. Edgware Road (North)
  9. Queensway (North) and Church Street
  10. Queensway (South)
  11. Harrow Road
- 5.10 Officers intend to introduce a clustering policy that requires operators to have heightened measures in place to identify and support those who may be at risk or who are problem gamblers. Measures may include more support information on site, additional staffing levels to detect those who show signs of gambling related harm and a heightened level of staff training in identification of problem gambling signs and signposting to local support services.
- 5.11 The feedback that has been received since the operation of the current design of the policy is that it is generic in nature and although the key policy's may apply to all or some categories of gambling premises the criteria is not clearly set out to distinguish what the Council want from each of those categories. Each category of gambling premises has very different statutory entitlements and restrictions. The approach that the Licensing Authority will take in considering applications associated with these categories may also be different due to their operations.
- 5.12 The Licensing Service proposes to produce the new policy in parts. There will be specific parts for each of the six categories of gambling premises (Casinos, betting shops, betting tracks, Bingo, Adult Gaming Centres and Family Entertainment

Centres). Each part will contain the policies, expectations, and criteria that the authority will consider when determining an application under the Act. The policy requirements and justification will be specific to that licence category. This provides the opportunity to ensure that gambling operators are specifically looking at the relevant policies and the requirements that the Council has set out relating to that gambling operation. It will also enable the Council to specifically review and consult on amendments to those parts at any point within the three-year statutory cycle. This will allow for a simpler consultation process in the event certain aspects of the policy need to be changed.

- 5.13 The proposed new policy for gambling will be significantly different from any other local authority policy in the Country in order to address the unique circumstances and challenges in Westminster. It will also be the first to use local information to create areas where the test for consideration of applications will be set at a higher level based on local risks. The intention is to include the knowledge and approach that the Council has taken over the 10 years. The aim for the policy is to clearly set out the Council's approach and enable it to be a document that applicants and existing operators must properly consider before applying for or amending an existing licence.

## **6. Risk and Mitigation**

- 6.1 Westminster's lead in this area and this new approach to gambling policy may pose a risk of challenge from certain areas of the gambling trade. The draft policy will go through thorough internal scrutiny, which will include legal experts. Once the Cabinet Member approves the draft policy there will be a public consultation period whereby residents, businesses, responsible authorities and licensees will be able to review and make submissions about the proposals. The consultation period will be over 12 weeks to enable full consideration of the new policy. The Licensing Service will also undertake a number of workshops to set out the rationale for our policies and record attendee's views as part of the wider consultation.
- 6.2 The government is current considering the responses to its consultation on Gaming Machine stakes and prizes and social responsibility measures. DCMS, the department responsible for gambling received approximately 7000 responses of which 40 were from local authorities including Westminster. One of the major elements of this consultation was the possible reduction in the stakes for B2 gaming machines. These are more commonly known as FOBT's and are located in Betting shops. The government were considering reducing the current maximum stake of £100 to either £50, £10 or £2, which was the Councils preferred option. The government is currently considering the responses and no date has been set when it will announce its plans for changing the stakes and prizes and social responsibility measures.
- 6.3 The potential outcome from the consultation is likely to have a significant impact on the betting sector. It will also open up a number of further potential risks where betting operators seek alternative options to ensure that they mitigate any loss in revenue. This may represent a reduction in betting shops where operators consolidate their portfolios or they will seek alternative options for existing shops that will mitigate the reduction in revenue from these machines. The later approach is

more likely within Westminster. We are already aware that Ladbrokes/Coral are seeking to convert some Betting shops to Adult Gaming Centre licences in some areas around the Country as a trial.

- 6.4 Adult Gaming Centres are adult only arcades and can provide up to 20% of the total number of gaming machines available as category B3 gaming machines. These machines have a maximum stake of £2 and maximum prize of £500. B3 gaming machines are another form of higher risk gaming and there is growing concern and evidence that these machines also represent a risk to those who are vulnerable of becoming or are problem gamblers. A key element of the new policy will be to attempt to future proof it to ensure we have robust policies and measures in place to mitigate the risk that diversification may have in the betting sector.

## 7. Timeframe for Drafting, Consultation and Decision-Making

- 7.1 The Licensing Service has a provisional timeframe for the drafting, consultation and determination process for the review of the Councils gambling policy. This timeframe is set out below.

Action	Key dates and time frames
Final drafting and legal considerations of gambling policy and consultation	12 <sup>th</sup> March to 29 <sup>th</sup> May 2018
Cabinet member report seeking formal approval to consult for 12 weeks	W/C 29 <sup>th</sup> May 2018
Public Consultation (12 weeks)	11 <sup>th</sup> June to 2 <sup>nd</sup> September 2018
Gambling Sector workshops	W/C 25 <sup>th</sup> June 2018
Licensing Committee Hearing report on policy consultation and workshop	4 <sup>th</sup> July 2018
Consultation responses consideration, finalisation of draft revised policy and legal clearance.	3 <sup>rd</sup> September to 14 <sup>th</sup> October 2018
Cabinet member report submitted for approval of policy and referral to full Council	W/C 17 <sup>th</sup> October 2018
Full Council for determination of new/revised policy	7 <sup>th</sup> November 2018
Formal press notice placed in local newspaper	W/C 3 <sup>rd</sup> December 2018
New/revised gambling policy commences	1 <sup>st</sup> February 2019

- 7.2 The timeframe specified above will enable the Council to meet the statutory requirements of reviewing this policy and having it in place by the 1<sup>st</sup> February 2019.

## Appendices

- Appendix One – Geofutures Gambling Risk Matrix Westminster  
 Appendix Two – Gambling Cluster Areas

## **Background Papers**

- Westminster City Council Statement of Principles 2016 - 2019
- Cabinet Member Briefing on Gambling policy development dated February 2017
- Geofutures report: 'Exploring area-based vulnerability to gambling-related harm: Who is vulnerable? Findings from a quick scoping review' – Published 2016
- Geofutures report: 'Exploring area-based vulnerability to gambling-related harm: Developing the gambling related harm risk index' – Published 2016
- Geofutures report: 'Examining the effect of proximity and concentration of B2 machines to gambling play' – Published 2016

# Gambling Risk Matrix

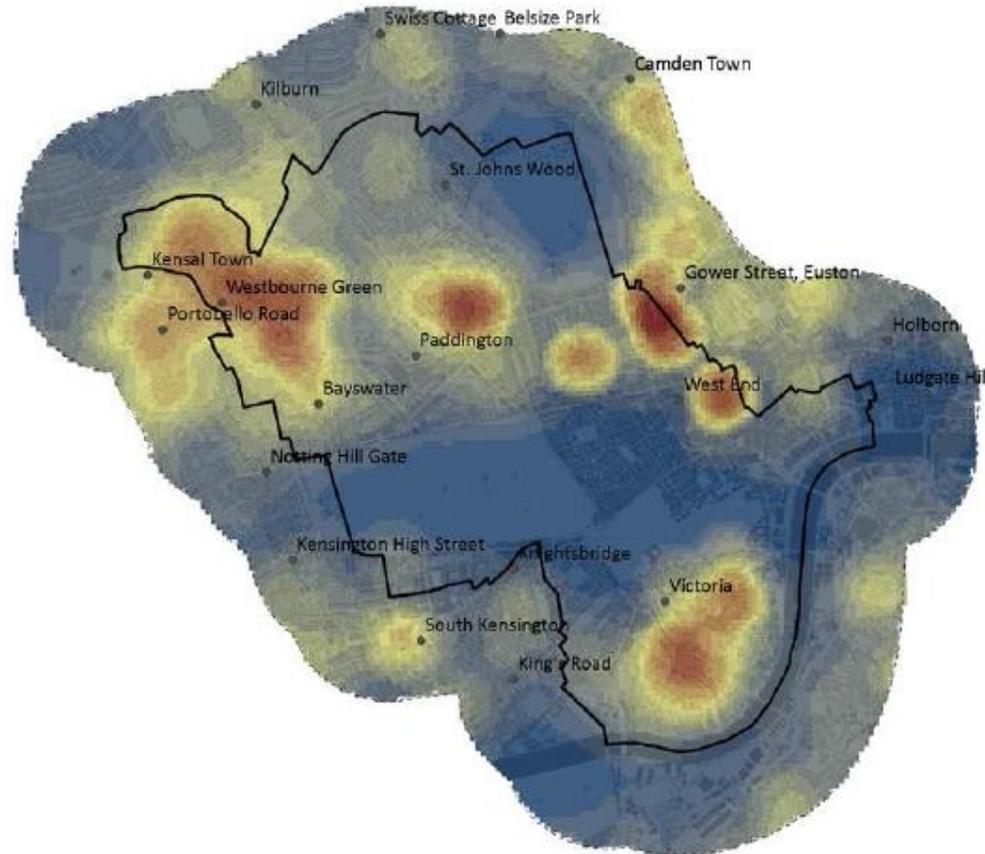
# Appendix One

## Risk index

-  Westminster City Council Boundary
-  Westminster City Council 1km Buffer

## Composite index

-  0 - 4
-  4.1 - 8
-  8.1 - 12
-  12.1 - 16.2
-  16.3 - 20.6
-  20.7 - 24.9
-  25 - 29.4
-  29.5 - 34
-  34.1 - 38.9
-  39 - 43.5
-  43.6 - 47.7
-  47.8 - 51.7
-  51.8 - 56.3
-  56.4 - 63.2
-  63.3 - 72.9



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# Gambling Premises Clusters

# Appendix Two

