

GOVERNMENT REVIEW OF FOBTs

On 31 October 2017, the Government concluded its eagerly-anticipated review into fixed odds betting terminals, more commonly known as "FOBTs".

The rise of the FOBT since the liberalisation of the UK gambling sector through the Gambling Act 2005 has proved to be a keenly contested and politicised issue. These machines, allowing players to stake up to £100 per play over short time intervals, offer the chance of big pay-outs for winners and sizeable revenues for operators. They also represent a significant source of tax revenue for the Treasury. However, some say that this has come at a price – FOBTs have been blamed for increasing rates of "problem gambling", with machines being easily accessible to "vulnerable" players in betting shops on the UK's high streets.

When the review was launched in October 2016, Tracey Crouch MP of the Department for Culture, Media and Sport, promised a "close look" at FOBTs and the "specific concerns about the harm they cause, be that to the players themselves or the local communities in which they are located". In carrying out its review, the Government would consider proposals not just in respect of maximum stakes and prizes, but also in respect of the number and location of gaming machines across all licensed premises and social responsibility measures to protect players from gambling-related harm.

Bookmakers and campaigners alike therefore were left surprised when, in concluding its review at the end of October 2017, the Government announced a further 12 week public consultation period on a narrower set of proposals, focused for the most-part on reducing the maximum stake from £100 to either £50, £30, £20 or £2 per play (or certain combinations thereof depending on game type), though the Government invites suggestions as to other appropriate amounts. The consultation will seek to determine at exactly what level the maximum stake will be set.

The Government has also left open the possibility of other corresponding measures (in respect of machine operation) being introduced to improve player protections. For instance, whilst not expressly seeking responses on such measures in its latest consultation paper, the Government could well seek to change spin speed (being the time intervals between plays) so as to lengthen the time between plays.

Any change in law to the maximum stake would likely be implemented by way of regulations made by the Secretary of State under the Gambling Act 2005. However, the Act specifically provides that no such regulations can be made without a draft of the regulations being approved by both the House of Commons and the House of Lords. As such, it may take months, once the consultation period ends on 24 January 2018, for the Secretary of State to prepare the draft regulations and for these to be approved (once debated, if necessary) in Parliament.

In the meantime, bookmakers face uncertainty as to the precise effect of the proposals in terms of future revenue likely to be generated by FOBTs, and in turn, the feasibility of keeping betting shops open in the long term. In addition, it is unclear whether the Treasury will take proactive steps to recoup lost tax revenue through other channels as a result of lesser spend by FOBT players.

