

COMMUNITY SAFETY & SOCIAL INCLUSION SCRUTINY COMMISSION		
Scrutiny inquiry on ‘The Concentration of Betting Shops in Hackney’ Chair’s Report Overview and Scrutiny Board 16 July 2009	Classification Public	Enclosures Appendix 1 – Report from Licensing Team Appendix 2 – Minutes of meeting on 11 June 09
	Ward(s) affected All	

1 BACKGROUND

- 1.1 Hackney has 64 betting shops which is three times the national average for a local authority area. At the same time the borough has areas of significant deprivation and a mapping of the location of these shops reveals that they cluster in the poorer areas of the borough. Another feature is that they are concentrated on particular streets with Mare St alone having 8 shops and Stamford Hill with 5. For some time the Mayor, councillors and residents have raised concerns about this and there has been frustration on the part of residents at the apparent deficiencies in the planning and licensing regulatory frameworks, which have allowed this over concentration to occur.
- 1.2 In 2007 a campaign by residents and ward councillors attracted a petition of 400 residents against the planning consent for the opening of a third betting shop on Chatsworth Rd. That campaign failed at Appeal and at this time a deputation was also brought to Full Council urging it to press for a change in the planning laws. In the interim the Mayor has lobbied ministers on the issue and there has been significant media coverage with the Mayor being interviewed on BBC Radio 4’s *The World Tonight* as well as on the London radio stations. The issue has also been covered in depth by *The Observer* newspaper.
- 1.3 In October 2008 the Secretary of State for Communities and Local Government invited local authorities to submit proposals under the newly enacted Sustainable Communities Act (SCA). These proposals would be to recommend changes to national legislation which would contribute to the sustainability of local communities. These proposals would be made via the Local Government Association and the deadline for submissions is 31 July 2009. In Hackney, the Cabinet Member for Customer Relations and Sustainability began to explore the possibility of using the SCA as a vehicle for securing additional powers for local authorities to curb, for example, the proliferation of betting shops and to strengthen the ability of

Councils to use 'local consideration' in planning and licensing decisions. Following discussions between the Cabinet Member and the Chair of the Commission, the Commission decided to carry out a prompt scrutiny inquiry to be completed by July which would form part of the evidence base for the submission to the LGA under the Sustainable Communities Act. This approach differs from the Commission's customary approach of two in-depth reviews per year.

1.4 In addition to the scrutiny report Council's e-Panel *Hackney Matters* will also be consulted on the subject of betting shops during the month of June and work is continuing by the Licensing Team to prepare the statutory revision of the 'Statement of Gambling Licensing Policy'. This will go out to consultation in July and the revised policy is expected to be adopted by Full Council in January 2010.

1.5 Although the total number of betting shops has not increased since the Gambling Act 2007, which had changed the regulatory framework for betting shops, there continued to be concern about saturation. This report details scrutiny's involvement and summarises the main issues which emerged.

1.6 **Core Questions for the review**

The Commission undertook to complete a review to answer the following:

- *Has the increased concentration of betting shops in the borough since the Gambling Act 2007 adversely affected local communities?*
- *Given that there seems to be limited scope in using existing planning or licensing laws to limit the expansion of betting shops, what other effective mechanisms might there be to mitigate this problem?*

1.7 It was decided because of the time limitation that the review would not concern itself with on-line gambling nor with other forms of gambling nor would it concern itself with work being done on the statutory revision of the Council's 'Statement of Gambling Licensing Policy'.

1.8 It was agreed that the one-off meeting would focus primarily on the 'place shaping' aspect of this issue and to a lesser extent on the social harm aspects which nationally and internationally have been very well documented. The Commission's concern here was that a perceived proliferation of betting shops adversely affects residents' belief in their own ability to influence their local area and an over concentration of betting shops can have a negative impact on the character of a street.

2. METHODOLOGY AND FINDINGS

2.1 Local context and current regulatory framework

- 2.1.1 The Commission requested the Licensing Team to provide a detailed background briefing report on gambling regulation in Hackney. **This is attached at Appendix 1.** The report outlined the provisions of the Gambling Act 2005 which changed how gambling was licensed in the UK creating a new tripartite regulation of the Gambling Commission, local authorities and central government. The report detailed that there were 69 gambling premises in the borough (64 betting shops, 1 bingo hall and 4 adult gaming centres). It mapped the location of betting shops by ward and benchmarked Hackney against other boroughs
- 2.1.2 The report outlined how the licensing of gambling operates in Hackney and how the Council as a “responsible authority” can also make representations under the Act. It detailed the limitations of licensing and gambling legislation as they currently operate in controlling saturation. The report outlined how the planning system operates in relation to licensed premises, how retail policy is managed and it examined what planning powers there were to manage concentration. It concluded that the planning system does not offer any reasonable prospect of managing betting shop locations or distribution.
- 2.1.3 Members learned that under planning law, betting shops are in the same “use class” as banks or building societies i.e. Use Class Code A2 (Financial Services). This means that existing banks or building societies can become betting shops without the need for planning permission. Also because A3, A4 and A5 premises can be used for A2 purposes without planning permission, cafes and restaurants could also become betting shops without the need to seek permission for change of use. During the course of the review Members expressed concern that on the one hand government was encouraging local authorities in their role as “place shapers” yet anomalies in the planning and licensing laws prevented them from carrying out this role. They noted the example of the Old Town Hall building in Mare St which had been leased to Midland Bank since the 1930s. In the 1990s the Council had disposed of its freehold interest in the building to HSBC. Subsequently HSBC closed the branch and the building is now a Coral betting shop. It did not require any change of use application.
- 2.1.4 Members learned that under the previous regulatory framework Magistrates could take into account demand in the area for a betting shop. Under the Gambling Act 2005 this “demand test” was removed. This means that there are very limited grounds on which a local authority can

refuse a license. Only very strong concerns about demonstrable impact on crime and disorder, damage to children or gambling criminality can be grounds for refusing an application. This gives local authorities no defense against unreasonable proliferation.

2.2 Using the Sustainable Communities Act 2007

2.2.1 The report from the Licensing Team outlined the detail of the Sustainable Communities Act and how it might be used to tackle this issue.

2.2.2 The Act enables local authorities to put forward proposals which they consider would contribute to promoting the sustainability of local communities. Proposals are put to the Local Government Association by 31 July 2009 and it acts as the 'Selector', producing the short list to go to central government for agreement. The Secretary of State then decides which proposals will be implemented and produces an action plan.

2.2.3 The expectation is that the Act could be used to address perceived deficiencies relating to 'local consideration' which exists within the local authority's licensing and planning regulatory framework. New powers under the Act could maximise the opportunity for greater local control over place shaping and could serve to limit any negative impact caused by an over concentration of, for example, betting shops in a particular area.

2.2.4 The tests for proposals under the Act will include the quality of the consultation carried out, the impact on sustainability and whether the proposal is outside of existing powers or requires action by government (e.g. can barriers at a national level be overcome or can the proposal be achieved with existing powers?). The test also requires applicants to demonstrate that the proposal is viable and that there would be evidence of local benefits. The guidance states that the Department will be looking for proposals which promote sustainability and are specific about what barriers need to be removed. The proposals also need to clarify that the Act is not being used as a route to seek additional resources.

2.3 Response from the Betting Shops

2.3.1 The Commission wrote to the Corporate Affairs or PR directors of the four largest operators of betting shops in Hackney and received written responses from David Steele the Corporate Services Director of William Hill, Simon Reynolds the Head of Compliance for Gala Coral Group, Jim Winder the Compliance Manager for Betfred and Ciaran O'Brien the national Head of PR for Ladbrokes. Mr O'Brien and colleagues also attended the scrutiny commission meeting on 11 June and took part in the discussions.

2.3.2 In their responses the Betting Shop operators:

- took issue with using a national comparator on number of shops per local authority area and suggested that a fairer comparator would be the 10 inner London boroughs.
- Detailed long and stable trading histories in the borough
- Stated that their shops provided highly regulated environments for over 18s who choose to gamble.
- Argued that there was no evidence that the Gambling Act 2007 had altered in any substantial way the number of shops in the borough.
- Argued that their shops attract people to local high streets and provide footfall, ensuring the vitality and viability of shopping centres.
- Described in detail their staff training standards and policies on identifying and dealing with customers who are problem gamblers.
- Described in detail their age verification procedures including challenging customers under the “Think 21” policy and how these instances are recorded for inspection purposes (Gala Coral had 43 so far this year)
- Described the operation of their self exclusion policies and procedures (e.g. Gala Coral had 11 this year and Ladbrokes 7)
- Described how shops in their chains are visited by the Gambling Commission’s compliance and enforcement teams.
- Described extensive use of signage about underage or problem gambling as well as use of CCTV to assist staff.
- Urged local authorities to focus on the relatively few areas of over concentration and carry out research on these.
- Described the support the industry gives to problem gambling counseling services such as Gamcare.
- Stated that problem gambling rates in the UK remain stable at 0.6% of the adult population (as measured in prevalence studies in 1999 and 2007).

2.3.3 Following the meeting on 11 June the Chair was invited to a Site Visit to one of the Ladbrokes shops in the borough which took place on 30 June.

He met with Ciaran O'Brien (Head of PR), Andy Brett (Area Operations Manager), Chris Cerroni (Security and Safety Director) and the staff of Ladbrokes branch at 306 Mare St. The Commission learned that Ladbrokes had 16 shops in the borough employing 77 staff with an average salary bill of £1.1m. As well as a tour of the business the Commission learned about Ladbrokes robbery prevention training, 'Think 21' training and 'violence in the workplace' training. It learned that the no smoking or alcohol was allowed in the shop and that they had a strict policy on excluding any minors including any minors accompanying adults. It also learned that credit cards were not taken as payment either on the machines or by the cashiers. It learned that Ladbrokes is one of the main funders of Crimestoppers and the Chair was shown the security systems in place at the shop, noting that in the past 12 months, in their stores in Hackney there has been just one robbery and two attempted robberies. The Commission learned about their age testing and their promotion of a half price "Citizen card" ID for over 18s and observed the Gamcare flyers "staying in control" prominently displayed. They learned that the shop had a regular clientele and average bets were £5. They also viewed the operation of the FOBTs and learned about the level of regulation of them by the Gambling Commission. They learned that Ladbrokes was funding the Finding Space Project at St Joseph's Hospice and they repeated their offer to councillors to explore further how funding from 'Ladbrokes In the Community Charitable Trust' could support local charitable projects in the borough.

2.4 Input from Citizen Advice Bureau and local community and voluntary sector

2.4.1 The Commission acknowledged that securing hard local data on the incidence of problem gambling would be a challenge. It also acknowledged that for many advice agencies in Hackney the issue of problem gambling is an underlying one and would only surface occasionally when agencies were dealing with clients presenting debt problems or problems of family breakdown as a consequence of debt or impoverishment. These issues might also be captured by ethnically based community advice agencies as residents might first turn for support to these groups rather than to the larger general agencies such as CAB or Hackney Law Centre.

2.4.2 The Commission invited the following organisations or agencies to take part in the meeting to make a written submission:

- Hackney Community Empowerment Network
- Hackney Citizens Advice Bureau
- Hackney Law Centre
- Hackney Financial Inclusion Steering Group

- Hackney Advice Forum
- Hackney Information and Advice Consortium
- City and Hackney Health and Social Care Forum

2.4.3 In its written submission the Hackney Citizens Advice Bureau (CAB) stated that from investigating their databases they had no specific evidence of adverse effects on local communities from local betting shops. They stated that generally their clients don't generally come to CAB with gambling problems as there are other agencies which deal more specifically with this issue and where the presenting problem is debt the CAB has not identified gambling as a problem.

2.4.4 It became clear to Members that agencies such as CAB do not segregate debt and gambling as a contributory factor to debt, in their data collection. It was also notable that enquiries relating to debt form the major proportion of enquiries they receive.

2.5 The 2007 Chatsworth Road campaign

2.5.1 The Commission noted that on 13 May 2007 an article was published in the Observer newspaper under the headline "Why I'm determined to stop the bookies taking over our high streets". The author Nick Mathiason is a resident of Clapton and was a key player in the campaign against the opening of a third betting shop on Chatsworth Rd. This campaign which attracted 400 signatures of local residents ultimately failed when the planning application was appealed to the Magistrates Court. At this time there was also a deputation to Full Council on the subject and Mayor Pipe undertook continue to lobby central government on the issue.

2.5.2 At the Commission meeting Members heard from Mr Mathiason and from Cllr Ian Rathbone (Ward Councillor for Leabridge Ward) who were instrumental in the campaign. They described how they had discovered that the two existing betting shops on Chatsworth Rd turned over £9m a year. They also expressed the concern that betting shops appeared to be attracting younger gamblers because of the Fixed Odds Betting Terminals (FOBTs) which GamCare had confirmed were the fastest rising source of gambling addiction. They also expressed concern about what they saw as an increasing use of violence against staff in shops and the changing character of betting shops since the Gambling Act 2007. They noted that the Association of British Bookmakers had confirmed a nationwide increase of 24% in the number of robberies in betting shops in 2008 compared to 2007.

2.5.3 They stated that the proliferation of betting shops was having a detrimental effect on the character of local streets. When streets became dominated by betting shops or fast food shops or pound shops they said this

discouraged investors from taking a chance on an area. By taking away the 'demand' criteria the Gambling Act 2007 had removed the modest buffer there had been against betting shop proliferation. They stated that nationally the number of betting shops had risen from 7900 to 8500 and betting shops were now defying the recession with both profits and turnover increasing. Betting shops would also be in a better position to expand further as the recession took hold as they could take advantage of falling shop rents and an increase in the number of vacant premises.

2.6 Input from academia, research and support agencies

- 2.6.1 Members learned about the Responsibility in Gambling Trust (RiGT) which was established in 2001 following recommendations in the Budd Report. An independent Trust, it was set up and provided with voluntary funding by the gambling industry. It raised and distributed funds for the treatment of, education about and research into problem gambling. It also provided grants to organizations such as Gordon House and GamCare who provide advice and counseling services to problem gamblers.
- 2.6.2 Members learned that the RiGT was neither for nor against gambling and instead focused on preventing and treating the harms caused by problem gambling. Members noted that the Trustees of the RiGT included representatives of the British Amusement Catering Trade Association, the Association of British Bookmakers and Harrah's Entertainment.
- 2.6.3 The Commission learned that GamCare had a research page on its web forum where those carrying out research could advertise the fact and invite users of the site to get in contact if they wished to contribute in any of the work. The Commission asked if a simple notice about the scrutiny meeting on 11 June could be put on the site to advertise the meeting to any users who might also be resident of Hackney or east London. This request was refused and in their response GamCare stated that they took a "non judgmental approach to gambling" and that it would not be responsible of them to inform users of their site about our meeting. Members were somewhat perplexed that a web forum page provided for the research community should decline our request for assistance with our piece of, admittedly, local research.
- 2.6.4 The Commission was pleased to have a very useful international perspective brought to its discussions by Professor Linda Hancock from Australia who described the latest international research and how regulatory regimes in Australia, New Zealand, Canada and the US operate. A leading academic in the field of gambling policy she had previously worked for the Responsibility in Gambling Trust and was currently the Interim Head of Research for its replacement the Responsible Gambling Fund. She provided the Commission with a

briefing note on the latest international research and also briefed Members on the changes to the RiGT. The RiGT would be replaced by two bodies the Gambling Research Education and Treatment Foundation (GREAT) which would raise funds for research and the Responsible Gambling Fund which would commission treatment services. She also described the outcome of a recent Economic and Social Research Seminar on “The Gambling Evidence Base for Local Authorities” held on 4 February 2009 to which Hackney’s Licensing officers had contributed. She stated that one area of general concern was that services for problem-gamblers were not reaching family members who were also affected. Family members were also generally not aware of what support might be available.

- 2.6.5 The Commission also contacted the National Public Relations Officer for Gamblers Anonymous UK who responded that

GA does not get involved in requests such as yours, GA has no opinions on gambling, gamblers, the gambling industry and its marketing methods or other recovery methods good or bad, Below I copy to you an e-mail I have just sent to a leading medical researcher it may give you an insight into GA's 12 Steps of Recovery and Unity. Sorry if this sounds a bit strange to you but it's been a long and hard road since 1957 for GA to learn how to deliver recovery to our members, We let others with more time and money criticise and campaign and lobby the general public and the Government for and against gambling.

2.7 Input from the National Problem Gambling Clinic

- 2.7.1 Members learned about the National Problem Gambling Clinic in Soho which is the first multi-disciplinary NHS clinic to treat problem gamblers in the UK. The Lead Clinician at the Clinic Dr Henrietta Bowden-Jones expressed her support for the Commission in carrying out this investigation and the Clinic made a submission to the review.
- 2.7.2 In their submission the National Problem Gambling Clinic stated that they had treated 185 people since they opened in Sept 2008. 62% of these reported their gambling preference for FOBTs. Their clients frequently reported having had a gambling problem for many years which had quickly spiraled out of control after starting to use FOBTs. The attractiveness of FOBTs included the instant buzz created by the speed in which bets can be placed and the speed in which you can lose or win large amounts of money at high stakes. Their data also revealed a trend that problem gamblers often have a parent or other close relative with a gambling problem and they themselves have often experienced the impact of problem gambling on their own family’s financial and emotional welfare.
- 2.7.3 The NPGC went on to state that the fact that greater accessibility of gambling increases the number of problem gamblers has been widely documented. They also stated that pre-disposition for problem gambling may include genetic factors but also early loss of important emotional

attachments and other childhood traumas. These are all factors which tend to be over-represented in lower socio-economic areas and could therefore act to increase a person's vulnerability to developing a gambling problem upon exposure to gambling.

2.7.4 The NPGC suggested a number of actions which could be taken by local betting shops including:

- a) Ensuring that the age limits enforced by staff also include the individuals accompanying the gambler
- b) More control over who enters betting shops e.g. swipe card systems which could also allow self exclusion
- c) Increased advertising about help for problem gamblers

They also suggested that it would be helpful to increase awareness amongst GPs about problem gambling and introducing a screening tool which they could use with patients who present with mental health difficulties.

2.7.5 The Chair made a site visit to the National Problem Gambling Clinic on 30 June 2009. The Lead Clinician, Dr Henrietta Bowden-Jones, expressed support for the review and Hackney's LGA submission. She stated that she would be raising the issue of saturation in particular at the next meeting of the Responsible Gambling Strategy Board of which she was a member. This body, appointed by government, advises the Gambling Commission and the DCMS and was currently putting together its mission statement. She asked for a copy of Hackney's LGA Submission document when it was available and would raise the concern of local authorities such as Hackney at the next meeting. She stated that the NPGC and GamCare were developing a document to setting out the specifications of the approach to client care for each body. Broadly it would recommend that serious problem gamblers be referred to the NPGC for high level treatment from psychiatrists and clinical psychologists and GamCare would focus on lower level treatment and helpline services. She talked about the profile of users of the clinic noting that the Clinic was currently mainly treating men in their 30s and 40s. It was obvious that increased exposure to gambling made it more acceptable and this was a factor for policy makers in terms of the proliferation of gambling opportunities. The clinic was also trying to specifically target women via womens magazines as problem gambling, particularly on-line gambling, was on the increase. In terms of socio-economic background of clients she stated that many users "used to be middle class", in other words, most will have lost everything by the time they come to the Clinic. She asked if local authorities could assist in promoting the existence of the clinic in whatever ways possible. The programme of treatment at the clinic involves providing a typical client with 12 sessions of cognitive behavioural therapy

with a clinical psychologist. They also provided cognitive behavioural therapy groups, family therapy and debt counseling. The aim was to keep clients on the programme for six months. The cognitive behavioural therapy was very specific and focused on replacing negative behaviours and looking at desensitization. She explained that a challenge for the Clinic was to develop new funding streams to support the work and one aspect of this would be providing expert witness reports for the courts on defendants in criminal cases who are problem gamblers. She concluded that the Clinic was also hoping to develop a charitable arm as its equivalents in the US received significant philanthropic support. The Clinic currently had 7 staff and was attracting a lot of attention from graduate students seeking to pursue research in this area.

3. PANEL DISCUSSION AND SITE VISITS

- 3.1 The main focus of the evidence gathering for this investigation was the meeting of the Commission held on 11 June 2009 and the full minutes are attached at **Appendix Two**.
- 3.2 The Chair invited each contributor to make a 5 minute introduction to their submission and he then opened the meeting to discussion. The meeting concluded with the Chair summarising some key outcomes and members outlining the headline issues which would form the basis for the recommendations in this Chair's Report.
- 3.3 The following contributed to the meeting:

Commission Members

Cllr Deniz Oguzkanli (Chair)
Cllr Sem Moema (Vice Chair)
Cllr Philip Glanville
Cllr Michael Levy
Cllr Angus Mulready-Jones

(two members of the Commission Cllr C McShane and Cllr Vernon were unable to be present)

Key Contributors

Cllr Sophie Linden, Cabinet Member for Customer Services and Sustainability
Cllr Jonathan McShane
Cllr Ian Rahtbone
Mr Ciaran O'Brien, Head of PR, Ladbrokes
Mr Andy Brett, Area Operations Manager, Ladbrokes
Professor Linda Hancock (Interim Head of Research, Responsible Gambling Fund)

Mr Faisal Rahman (Head of Hackney Financial Inclusion Steering Group
and founder of Fair Finance Ltd)
Rev J Daley (Faithful Ministries Borough Dean, Independent Black
Majority Churches)
Mr Nick Mathiason (Resident)

Council Officers

Ms Joanna Sumner, Assistant Chief Executive – Policy and Performance
Ms Hazel Simmonds, Interim Deputy Director – Safer Neighbourhoods
Mr Thani Ulaga-Nathan, Licensing Manager
Ms Shalini Ramanathan, Licensing Policy Officer
Mr Bob Dolata, Planning Policy Team Leader
Mr Butta Singh, Licensing Legal Officer
Mr Gareth Wall, Interim Head of Overview and Scrutiny
Mr Jarlath O'Connell, Overview and Scrutiny Officer

- 3.4 Cabinet Member, Cllr Linden, thanked the Commission for taking up the issue as a single-meeting review in response to the Council's preparations for its submission to the government under the Sustainable Communities Act. She also thanked Ladbrokes for sending senior representatives to the meeting and for contributing so positively to the debates.
- 3.5 The Ladbrokes representatives at the meeting offered to broker a meeting between the Mayor and the Association of British Bookmakers on the issue and to meet with relevant members to discuss how Ladbrokes own Community Fund might contribute to projects in Hackney. Subsequent to the meeting they invited members on a site visit of one of their local shops.
- 3.6 The meeting debated the difficulties for policy makers in this sphere because of a lack of local data. Members agreed to make a number of recommendations to address this aspect including asking Hackney's advice agencies to look at how they capture data on this subject. The Commission welcomed the contribution of Faisal Rahman as Chair of the Hackney Financial Inclusion Steering Group which brought together all council and community and voluntary sector departments and agencies engaged in supporting residents with debt and finance problems.
- 3.7 Members concluded that experience seemed to show that current planning and licensing regulatory frameworks were not sufficient to tackle the issue of the concentration of betting shops and agreed that the submission to the LGA, being led by Cllr Linden, should be fully supported.
- 3.8 Subsequent to the meeting, the Chair made two site visits on 30 June 2009 to the Mare St branch of Ladbrokes (see section 2.3.3) and to the National Problem Gambling Clinic, 1 Frith St, London W1 (2.7.5).

4. RECOMMENDATIONS

- 4.1 After considering the submissions, reviewing the research presented to it and deliberating on the outcome of the discussions at the 11 June meeting the Commission wishes to make the following recommendations:

Recommendation One

The Commission **supports the proposal** being submitted by the Council to the Local Government Association to seek additional powers under the Sustainable Communities Act to better control one type of retail premises (such as betting shops) from dominating the character of a street. The Commission also requests that central government continue to be lobbied to create a separate planning “use class” for betting shops.

Recommendation Two

The Commission recommends to the Hackney Financial Inclusion Steering Group and the Community Empowerment Network to encourage all the advice agencies amongst their membership to **review how they capture data** on clients who contact them with debt problems, in order to de-segregate the issues of debt and problem-gambling as a cause of debt, in their statistics. The Commission acknowledges that the lack of hard local data on problem gambling is a challenge for policy makers.

Recommendation Three

The Commission recommends to the Council’s Licensing Team to:

- a) Commission local research on the social and environmental impact of betting shops in the borough.
- b) Collect more data on the use of Fixed Odds Betting Terminals (FOBTs) amongst licensees in Hackney including the scale of their use, the proportion of income they generate and an assessment of the types of games played on them acknowledging that FOBTs have been shown to be particularly addictive for problem gamblers.
- c) Ensure that all local data collected by the Gambling Commission in the borough is made available to the Council as a licensing authority.
- d) Examine the Gambling Commission’s own compliance and enforcement tests and to review how enforcement on gambling premises currently operates locally.

Recommendation Four

The Commission recommends to the Planning Policy Team to carry out additional research on the “diversity of use” on Hackney high streets to contribute to a more robust evidence base for local planning and licensing decisions. The Commission also suggests that concerns about “diversity of use” and saturation should be expressed in the Local Development Framework.

The Commission requests the Corporate Director of Neighbourhoods and Regeneration to provide a progress report on the above and the Corporate Director of Legal and Democratic Services to report on the progress of the submission under the Sustainable Communities Act, to the meeting of the Commission on 10 February 2010.

5. BACKGROUND PAPERS

The following documents have been relied on in the preparation of this report and were either presented to the Scrutiny Commission or referred to during the meetings:

Minutes of the meeting of the Community Safety and Social Inclusion Scrutiny Commission on 11 June 2009 (Appendix 2 to this report)

Minutes of the meeting of Hackney Council on 28 March 2007. Deputation on betting shops.

The Concentration of Betting Shops in Hackney, briefing report from London Borough of Hackney Licensing Team for 11 June 2009 meeting of the Commission (Appendix 1 to this report)

Briefing Note from LBH Interim Head of Consultation on "Betting Shops and Hackney Matters e-Panel" on 5 June 2009

Statement of Gambling Licensing Policy, London Borough of Hackney, March 2007.

Submissions from Betting Shop Chains

William Hill (David Steele, Corporate Services Director) 26 May 2009

Gala Coral Group (Simon Reynolds, Head of Compliance) 28 May 2009

Betfred (Jim Winder, Compliance Manager) 2 June 2009

Ladbrokes (Ciaran O'Brien, Head of PRS) 9 June 2009

Submissions from organisations

Hackney Citizens Advice Bureau (James Clarke, Borough Director) 2 June 2009

National Problem Gambling Clinic (Dr Henrietta Bowden-Jones, Lead Clinician),
6 June 2009

Responsible Gambling Fund (Professor Linda Hancock, Interim Head of
Research), 11 June 2009

GamCare (Response to request from Eileen Kinghan, Marketing Director)
15 May 2009

Submissions from ward councillors and residents

Cllr Ian Rathbone (Ward Councillor), 2 June 2009

Nick Mathiason, local resident, 8 June 2009

Debbie Rindl, local resident, 29 May 2009

Tina Pinder, local resident, 8 June 2009

Lisa Herriett, local resident, 31 May 2009

Peter Andersson, local resident, 19 June 2009

6. BACKGROUND READING

Dorigo, Annalisa; *LGA Advice Note: Using the Sustainable Communities Act*, Local Government Information Unit, 9/6/2009

Bowden-Jones, Dr Henrietta; *Against all odds: a national problem gambling clinic*, SCAN bites – the quarterly newsletter of the Specialist Clinical Addiction Network, Spring 2009 issue.

Mathiason, Nic; *Why I'm determined to stop bookies taking over our high streets*, The Observer 13 May 2007.

Moody, Rev. Gordon; *The Wheel of Misfortune: Compulsive Gambling – its affects on the family*. Gamblers Anonymous (founder patron)

Safe Bet Alliance, Voluntary Code of Robbery Security Standards for the Bookmaking Industry; Association of British Bookmakers. Dec 2008

Gambling Commission; Press release on *Under-age gambling*. 11 May 2009

Gambling Act 2005 Media Fact Pack. Department of Culture, Media and Sport, Augusts 2007

Ladbrokes Briefing, *Committed to Beating Crime*



REPORT OF DIRECTOR OF NEIGHBOURHOODS & REGENERATION
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<p>The Concentration of Betting Shops in Hackney</p> <p>Community Safety and Social Inclusion Scrutiny Commission</p> <p>Thursday 11 June 2009</p>	<p>Attachments:</p> <p>n/a</p>	<p>AGENDA ITEM NO.</p> <p style="font-size: 2em; text-align: center;">6</p>
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1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to present to members information which will assist them in investigating the issues of concentrations of betting shops in the borough and its impact on residents.

2. RECOMMENDATIONS

- 2.1 **That Members note the content of this report.**

3. BACKGROUND

3.1 The Gambling Act 2005

- 3.1.1 The Gambling Act (the “Act”) 2005 received Royal Assent on the 7 April 2005. This new legislation offered wholesale change in how gambling was to be licensed in Great Britain, bringing with it new responsibilities for Councils.

- 3.1.2 The Act replaced most existing gambling law and created a new system involving tri-partite regulation by the independent Gambling Commission, Licensing Authorities (local councils) and Central Government.

- 3.1.3 Hackney Council is the local authority for the London Borough of Hackney and is a “Licensing Authority” under the Act. The Council’s Licensing Committee is responsible for determining premises licenses and a range

of permits in the borough to authorise the provision of gambling facilities. Licensing authorities will be responsible for issuing and monitoring the following licenses:

- casino premises licenses
- bingo premises licences
- adult gaming centre premises licences
- family entertainment centre premises licences
- betting premises licences

3.1.4 In exercising most of their functions under the Act, the Licensing Authority must have regard to the licensing objectives. The licensing objectives are: preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime ensuring that gambling is carried out in a fair and open way and protecting children and other vulnerable persons from being harmed or exploited by gambling.

3.1.5 The term ‘gambling’ is defined in the Act as either gaming, betting, or

- taking part in a lottery:
- gaming means playing a game of chance for a prize
- betting means making or accepting a bet on the outcome of a race, competition, or any other event; the likelihood of anything occurring or not occurring; or whether anything is true or not
- a lottery is where persons are required to pay in order to take part in an arrangement, during the course of which one or more prizes are allocated by a process which relies wholly on chance.

3.1.6 Under the Act, Hackney, like all licensing authorities, must publish a gambling “statement of principles” (the “Policy”) which they propose to apply when carrying out their licensing functions. This Policy must be published at least once every three years. The Policy must also be reviewed from “time to time” and any amended parts re-consulted upon. The statement must then be republished.

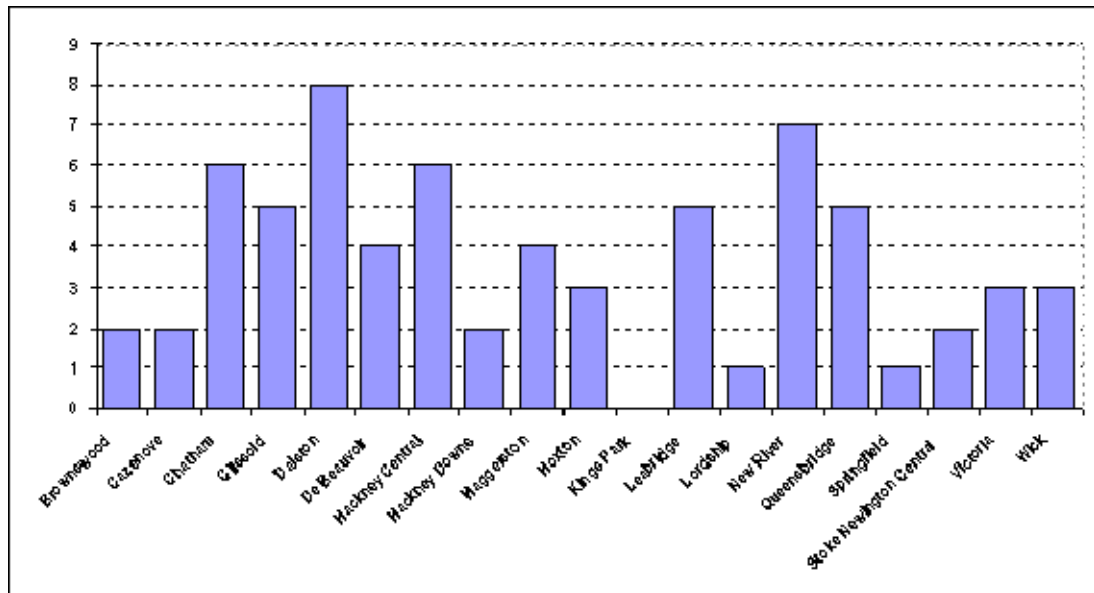
3.1.7 The Council is now in the process of carrying out its statutory review of the Policy and preparing its draft revised Policy which is based on revised guidance issued by the Gambling Commission (the “Guidance”) and the Act’s licensing objectives. Having been in situ since January 2007 the policy will continue to set out how the Licensing Authority can build on the licensing objectives in order to reflect local circumstances. The Policy will be approved by Full Council after having due regard to any responses received during its 12 week consultation (over July, August and September 2009).

3.1.8 The Policy will come into effect on 31 January 2010. This will be reviewed as necessary, and at least once every three years from this date pursuant to the Act.

3.2 Implementation Update

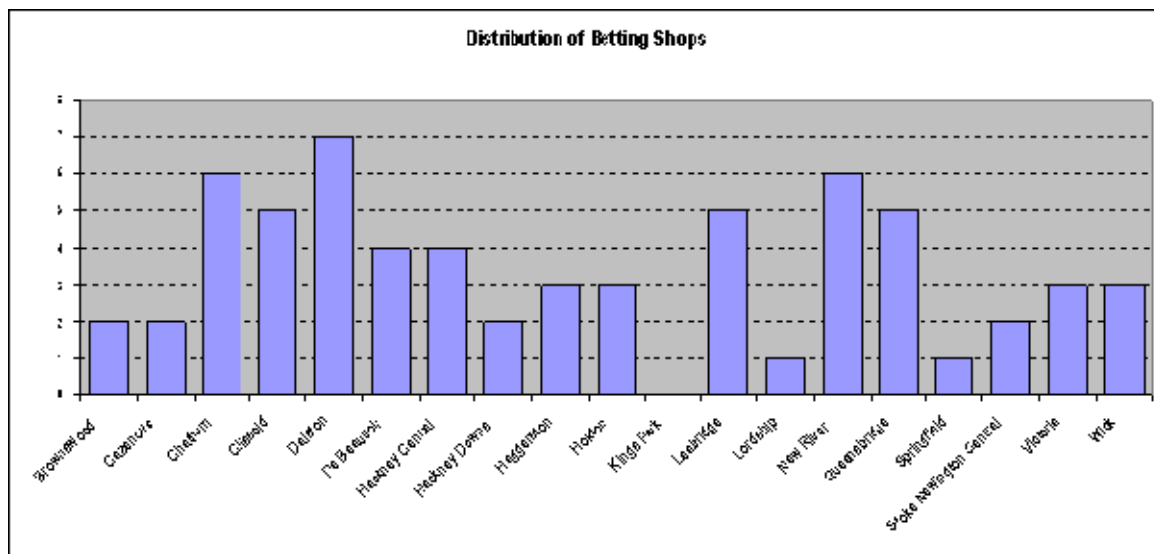
3.2.1 Currently, there are a total of 69 gambling premises licences in the borough: 64 betting shops, 1 bingo hall and 4 adult gaming centres. Since the implementation of the Act the Licensing Service has processed 7 applications for new betting premises licences and variations of premises licences. Two new betting premises licences have been granted in 2009. Some 7 premises licences have been surrendered and a further 3 revoked. There has been an overall decrease in the number of valid gambling premises licences, from the original figure of 77. There has been an overall decrease in the number of valid betting premises licences, from the original figure of 72. This equates to around an 11% decrease in the numbers of betting premises licences.

3.2.2 Graph A below shows that the majority of gambling premises are located in Dalston Ward (8 premises). Second is New River (7 premises) with Chatham and Hackney Central joint in third (6 premises each). Graph B shows the distribution of betting shops by Ward.



Graph A - Total number of premises by Ward

Appendix 1 – Report of Licensing Team



Graph B – total number of betting shops by Ward

3.2.3 Licensing records show that there are 10 premises licences located along Mare Street, of these 8 are betting shops. Streets that have 3 or more betting shops are listed in the table below.

Street Name	Betting Shops
Mare Street	8
Stamford Hill	5
Chatsworth Road	3
Kingsland Road	3
Stoke Newington High Street	3
Upper Clapton Road	3

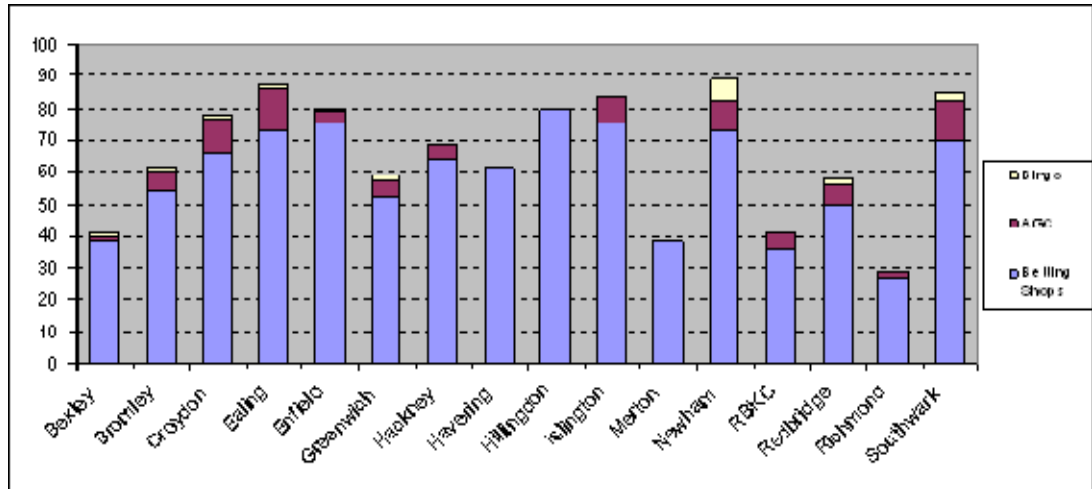
3.2.4 Since the start of the new regime, there have been 7 applications for new gambling premises. Of these, 5 were withdrawn. The remaining two were granted for providing facilities for betting following Licensing Sub-Committee hearings.

3.2.5 The two licences (for betting shops) were both granted by the Licensing Sub-Committee following the receipt of relevant representations. An application for a betting premises licence at 150 Lower Clapton Road received representations from the Licensing Authority, the Police (later withdrawn) and two interested parties. An application for a betting premises licence at 226 Stamford Hill received representations from the Licensing Authority and an interested party.

3.2.6 Hackney's figures have been compared to data obtained from 16 other London boroughs. Graph C shows that Newham has the highest number

Appendix 1 – Report of Licensing Team

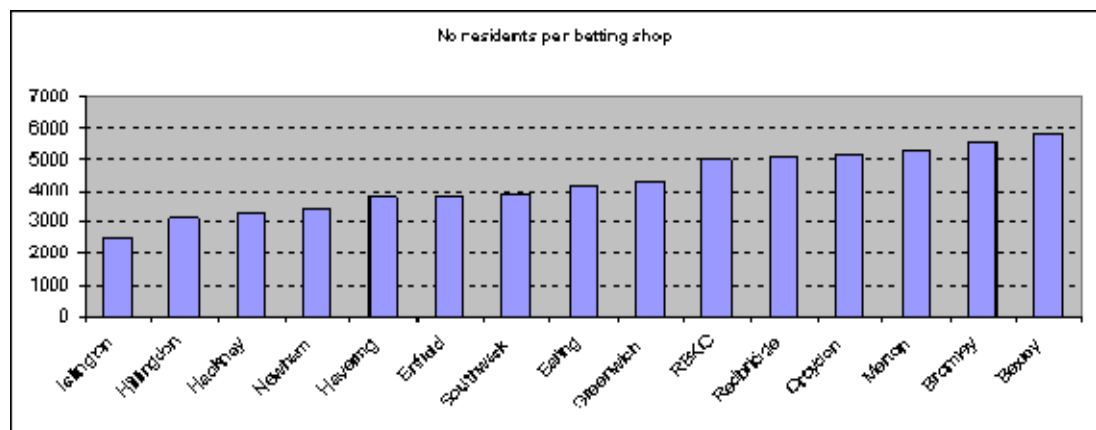
of gambling premises (89), followed by Ealing (87) then Southwark (85). Hackney is eighth in the list with 69, whilst Richmond has the lowest number with 29.



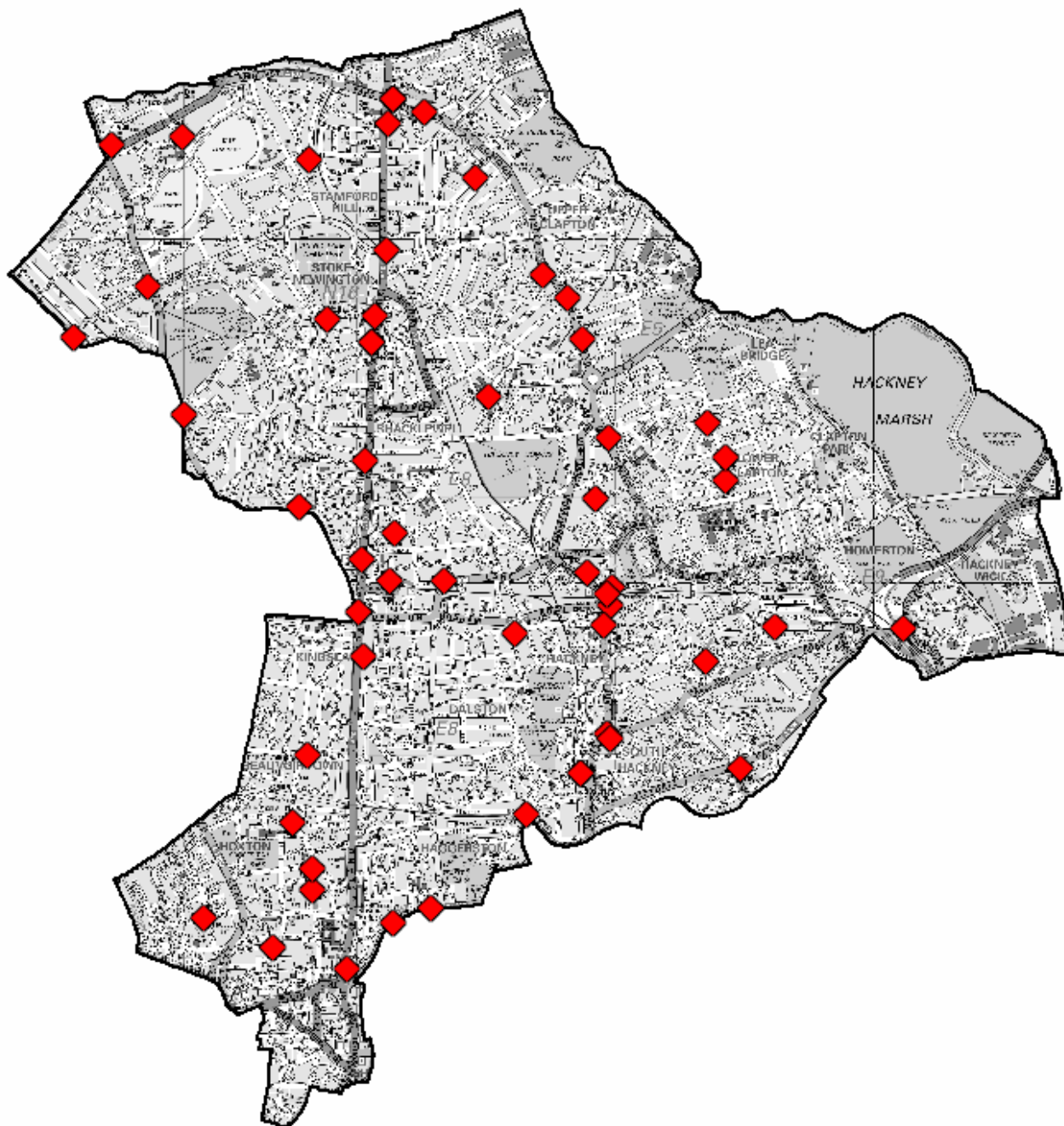
Graph C – Total numbers of premises in London Boroughs

3.2.7 Of the data received from other London boroughs, Hillingdon has the highest number of betting shops (80) followed by Islington and Enfield (75 each). Hackney (8th highest with 64) is above the average of 58 premises per borough.

3.2.8 Graph D shows that when the number of residents is compared to the number of betting shops, Islington has the highest ratio with one shop per 2504 residents followed by Hillingdon with one shop per 3134 residents. Hackney is third with one shop per 3277 residents. Map A separately sets out the locations of betting shops in Hackney.



Graph D – Numbers of residents per betting shop



Map A - Map of premises licences in Hackney

3.3 Historical Concerns and Lobbying Interest

3.3.1 The Licensing Service is aware of local resident concerns under the previous gambling regime where magistrates determined and granted a betting shop licence at the borough's original town hall. It is understood that this concern was presented via a petition opposing the increase of betting shop clusters.

3.3.2 The Service is also aware that an application under that regime was granted, permitting a third betting shop on Chatsworth Road. Prior to the grant on 28 March 2007, a deputation was made by residents of Chatsworth Road and Rushmore Road to the Council to seek its attention to the growing numbers of betting shops in Hackney. The deputation urged the Council to restrict betting shop numbers and to press to change the planning legislation concerning the change of use for betting shops because of the concerns of their increase. Residents had also submitted a petition with over 400 signatures opposing the planning consent for the third shop. Resident concerns stemmed from how this excessively undermined the social and economic cohesion in the borough and would have a negative impact on young people.

3.3.3 Media coverage has also conveyed local concerns in this regard:

- Hackney Gazette, Nov 06 - local residents do not want a third betting shop in Chatsworth Road
- Hackney Gazette, Feb 07 - Old Town Hall in Mare Street to become a betting shop
- Hackney Gazette, March 07 - third betting shop to open in Chatsworth Road
- The Observer, 13 May 07 - residents' anger at third betting shop opening in Chatsworth Road
- Capital Radio, 16 May 07 - Mayor Pipe interview
- BBC London TV, 23 May 07 - Mayor Pipe interview
- BBC Radio 4, The World Tonight, 10 April 09 - Mayor Pipe interview
- Hackney Today, 25 May 09 - publicising Community Safety and Social Inclusion Scrutiny Commission meeting, 11 June, to investigate spread of betting shops.

3.3.4 Following concerns from local residents and media coverage regarding the perceived proliferation of betting shops in Hackney, particularly in view of the borough's economic and social profile, the Mayor wrote to Ruth Kelly MP (Secretary of State for Communities and Local Government) on 30 April 2007 and Gerry Sutcliffe (Minister for Sport) on 12 December 2007 contesting the lack of local provision under gambling and planning regimes to control the development and feel of local high streets.

3.3.5 The DCMS have informally consulted upon the issues around the proliferation of betting shops and the controls for local authorities. Submissions were made via LACORS in November (in consultation with the Mayors Office and Public Affairs Officer).

3.3.6 The Local Government Association (LGA) is supporting Hackney’s case and raised the issue with Gerry Sutcliffe. The Minister recognised that this issue needed to be resolved and a second meeting with representatives for example from DCLG, DCMS, LGA and the Council is being explored.

3.3.7 The Government’s publication ‘Fair Rules for Strong Communities’ (see <http://www.communities.gov.uk/documents/corporate/pdf/1083358.pdf>) also recognises the issue and commits to “ensuring that local communities and their authorities have sufficient powers to prevent the clustering of betting shops in areas where this is a problem”.

4. LICENSING SYSTEM

4.1 Making Representations and Determining Applications

4.1.1 In determining applications for premises licences, the Act states that the Licensing Authority should aim to permit the use of premises for gambling in so far as they think it:

- in accordance with any relevant Gambling Commission codes of practice
- in accordance with any relevant Gambling Commission Guidance
- reasonably consistent with the licensing objectives (subject to the above) and
- in accordance with the Licensing Authority’s Gambling Policy which sets out its decision making principles (subject to the above).

4.1.2 The Licensing Authority must have regard to the licensing objectives.

4.1.3 Where representations are made, the Licensing Sub Committee will determine each case before it on its individual merits whilst taking into consideration the terms of its Gambling Policy, the guidance, codes of practice and the licensing objectives. It should be noted that where representations are not made, the licence will be granted.

4.1.4 Representations can be made by responsible authorities such as the Police and Fire Authority as well as interested parties within a statutory 28 day timescale.¹ A person is an interested party if, in the opinion of the Licensing Authority, the person:

- lives sufficiently close to the premises to be likely to be affected by the authorised activities
- has business interests that might be affected by the authorised activities
- represents persons who satisfy the above.

¹ “FAQ” on making representations is available to residents from the Licensing Service.

- 4.1.5 In determining whether a person or business is an interested party, the Licensing Authority will look at each case and decide it upon its merits. It may take into account the size of the premises and nature of activities taking place. It will give due weight to the representation on a case by case basis, with consideration to the body of information/ evidence that informs it. This may include past experiences with the operator/ premises or complaints logged.
- 4.1.6 Representations will normally only be considered relevant where they relate to the licensing objectives, the Guidance, the codes of practice or the Policy.
- 4.1.7 Where the Licensing Sub Committee determines that it is appropriate to add conditions to a premises licence, it will ensure that the conditions are proportionate and are only imposed in the interests of the licensing objectives.
- 4.1.8 Requests for a review of a premises licence can be made by interested parties or responsible authorities. However, it is for the Licensing Authority to decide whether the review is to be carried out. This will be on the basis of whether the request for the review is relevant.
- 4.1.9 Due consideration will be given to all representations unless: a) the grounds are frivolous; b) the grounds are vexatious; c) the grounds are irrelevant; d) the grounds will not cause the Licensing Authority to revoke or suspend a licence or to remove, amend or attach conditions on the premises licence; e) the grounds are substantially the same as the grounds cited in a previous application relating to the same premises; or the grounds are substantially the same as representations made at the time the application for a premises licence was considered.

4.2 The Gambling Policy

- 4.2.1 The Policy sets out the principles it will apply when determining applications under the Act. It clearly sets out the expectations it has of applicants applying for licences taking each application on merit and on a case by case basis.
- 4.2.2 The Policy includes a map of the borough (appendix E) with both crime hotspots and locations of schools plotted against this to assist in assessing the suitability of the location of gambling premises. For example, at paragraph 3.4 of the Policy “where an area has known high levels of crime, the Council will consider carefully whether gambling premises are suitable to be located there at all or whether conditions need to be attached”.

4.2.3 In relation to protecting children and vulnerable persons, the Policy at paragraph 3.25 notes that “when determining an application to grant or review a premises licence, regard will be given to the proximity of other establishments catering to children or vulnerable adults, or to places that are frequented by unaccompanied children and/or vulnerable adults or where children, young people or vulnerable persons are likely to congregate. These may include schools, vulnerable adult centres, addiction centres, day centres or services used by vulnerable adults or residential areas where there may be a high concentration of families with children. It may also include school routes and places that attract unaccompanied children for recreation and leisure.”

4.3 Licensing Authority Responsible Authority

4.3.1 The Council as a responsible authority has welcomed the ability to make representation under the Act. Representations have been lodged on technical grounds which have worked well for example, based on an applicant’s right to occupy a premises. These have resulted in the withdrawal of applications. The Council has used its power to lodge representations in all premises licence applications received, applying its local Policy on a case by case basis and in accordance with the regulatory framework with a view to promoting the particular objectives of preventing gambling from being a source of crime and disorder and protecting children and vulnerable persons.

4.4 Licensing Powers to Manage Concentrations

4.4.1 Whilst general provision in the Act does create a framework for decision making as reflected in paragraphs 3.1, 4.1-4.3, the following paragraphs illustrate its limitations particularly in addressing the concerns of concentrations of betting shops and the perceived detrimental impact this has on neighbourhoods.

Aim to permit

4.4.2 The Act is permissive in its approach to permitting premises based gambling because the Licensing Authority is under a statutory duty to “aim to permit” the use of premises for gambling in so far as it thinks it:

- in accordance with the Gambling Commission Codes of Practice (the “Codes”)
- in accordance with any relevant Gambling Commission Guidance (the “Guidance”)
- reasonably consistent with the licensing objectives (subject to the above) and

- in accordance with the Council’s Gambling Policy (the “Policy”) (subject to the above).
- 4.4.3 As a result, the view is that the burden of proof to refuse or condition a licence rests with the Council. This compares with the Licensing Act 2003 where to obtain an alcohol licence, the onus is on the operator to demonstrate to the satisfaction of the Council that the licensing objectives will not be undermined. The burden under the Act is particularly high as operators will generally have undergone (and passed) a licensing assessment with the Gambling Commission to obtain an operators licence and personal licence(s). This will have been carried out in advance of making the premises licence application, demonstrating and confirming their suitability to offer gambling against the licensing objectives. It is clear the burden must shift to operators, particularly given the Commission’s report on its recent nation-wide betting shop underage sales campaign. It reported a 98% failure rate with operators failing to apply their proof of age policies.

Irrelevant matters

- 4.4.4 The Guidance states that representations are unlikely to be relevant where they relate to there being “already too many gambling premises in the locality (although it may be relevant if it points as a result to rising problems in crime, disorder, underage gambling or problem gambling)”. In real terms, the evidence base to establish this makes such a representation unlikely to materialise.
- 4.4.5 No regard can be given to the likelihood of the applicant obtaining planning permission or building regulations approval for their proposal. Therefore the wider issues that may be covered under a planning consent such as public nuisance and developing local high streets to meet local needs with reference to their look and character can not be taken on board.
- 4.4.6 The Act restricts the types of concerns which can be lodged. Some representations have been received relating to proposed betting shops in areas where there are already existing betting shops. However, interested parties expressing concern that granting a licence will result in the area becoming “unsightly, bringing area down”, and pointing to the effect on an area’s character, look and feel have been deemed irrelevant (pursuant to the Act), falling outside the scope of consideration.

Demand test

- 4.4.7 The removal of the demand test has resulted in the issuing of premises licences as a “rubber stamp” exercise, except where it can be clearly

demonstrated that the grant would undermine the objectives, for example through harming vulnerable people, increasing crime or problem gambling. Authorities cannot take into account the number and nature of facilities available in an area and whether there are in its opinion already enough.

Licensing Objectives

4.4.8 It is accepted that the Council, in considering applications, will have regard to and assess applications against the following licensing objectives:

- keeping gambling crime free
- protecting children and vulnerable persons.

4.4.9 However, this is generally not extended to the 2nd objective of fairness and openness. The Guidance states that the “Commission would not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way as this will be a matter for either the management of the gambling business, and therefore subject to the operating licence, or will be in relation to the suitability and actions of an individual and therefore subject to the personal licence”. The Commission will be responsible for both of these matters.

4.4.10 The objectives themselves require very specific and it is submitted, restricted application. For example, the Guidance states that “disorder” is intended to mean; *activity that is more serious and disruptive than mere nuisance*. Factors to be considered in whether disturbance is serious enough to constitute disorder would include whether police assistance was required and how threatening the behaviour was to those who could see or hear it. In addition, any considerations will need to be balanced against the Licensing Authority’s objective to aim to permit gambling. The objectives are strict – there is no regard to public safety or public nuisance as there is under the Licensing Act. Neither can the potential impact that these premises have on the character and feel for an area be taken into consideration.

Causation

4.4.11 It is submitted that only very strong concerns supported by a high level of evidence of actual events occurring at the premises (which undermine the objectives) can trigger the power to refuse a licence or impose conditions.

4.4.12 However, where there is no evidence of departures from the regime (for example, reports or complaints of crime/disorder/underage sales) despite the fact that there are no gambling premises at that location currently, the Council must aim to permit.

4.4.13 Therefore, preventative conditions to ensure perceived risks are minimised based on an application of the Policy and consideration of crime hotspot/schools map has also proved challenging where there are no direct causal links or actualities.

4.4.14 This is set against a background where currently no local evidence has been provided to suggest that betting shops cause responsible authorities disproportionate levels of crime and disorder, underage or problem gambling as defined within the Act. If a venue is causing or associated with crime and disorder then there would be a positive police response. But there is not the expectation that the Police would visit gambling venues to seek out crime and disorder, triggering an application of the Act and consideration of the Policy.

Licensing Authority Responsible Authority

4.4.15 The scope to make representation is limited. Moreover, the weight of representation has also been limited where:

- it is based primarily on the application of the Policy, for example, through consideration of borough crime hot spots or the locations of primary and secondary schools or
- it relates to risks relating to the licensing objectives where no other responsible authority or deemed expert has made representation.

4.4.16 The Licensing Authority as a responsible authority has had little weight in influencing decisions based on an application of the Policy to the proposals put forward and with consideration of the likelihood that the objectives could be undermined, given the need for direct evidence highlighting that concerns exist.

4.5 Innovative Steps

4.5.1 The Guidance is silent on addressing concentrations and saturation of gambling establishments, particularly around the issues of cumulative impact on the licensing objectives. In contrast, the Licensing Act 2003 Section 182 Government Guidance to Licensing Authorities provides guidance on saturation, dealing with the negative cumulative impact of a concentration of licensed premises on crime and disorder (and public nuisance) within a geographical area. In brief, where premises applications fall within the relevant “special policy area”, the authority will apply a rebuttable presumption of refusal (where representations are lodged). The onus is on the applicant to satisfy the authority that, if the application is granted, the applicant will not add to the existing cumulative impact.

4.5.2 Similar guidance is sought to support the Council in pursuing this as an option to tackle the concentration of licensed gambling premises. This should include the steps licensing authorities should take to develop and implement such policy (including the evidence base to be established on the impact of concentrations on crime and disorder, children and vulnerable persons) and the factors to be taken into account or the thresholds to be met in determining whether there are, for regulatory purposes, too many or enough gambling premises in the locality. Whether this can also include consideration of socio economic factors such as area deprivation or other social factors such as decline in quality of an area (to capture resident concerns) will require exploration. This will assist in the event that such an approach/policy decision is challenged.

4.6 Licensing Conclusion

4.6.1 Whilst the Act does create a framework for local decision making influenced by important concerns such as crime and disorder and protection of children and vulnerable persons (where these are evident), it goes no real way to controlling the numbers of betting shops on the boroughs high streets through addressing the concerns of local residents in how they feel the quality of their neighbourhoods is compromised by saturation.

4.6.2 That responsible authorities such as the police and child protection have withdrawn representations following discussion with the applicant, which shows that evidentially there are no real concerns that can be captured under the licensing objectives. It is the concerns around the impact of these clusters on the quality and shape of our high streets that must be addressed in influencing the development of the borough's spaces and which fall outside the remit of the Gambling Act.

4.6.3 It is yet to be seen whether development of a saturation policy will realistically provide a framework to empower Councils to refuse or condition licences based on local circumstances, whether that stems from concerns of crime and disorder, protection of children from harm and/or the general concerns of the socio economic and developmental impact this has on local areas.

5. PLANNING SYSTEM

5.1 Overview

5.1.1 The planning system aims to promote the viability and vitality of retail uses. Chiefly this is achieved by managing the spatial distribution of retail

- and services into town centres where competitive choice is available at an accessible location.
- 5.1.2 Generally the planning system cannot be used to restrict competitive market forces, for example by favouring one type of retail use above another. The only significant exception to this principle is where a single large scale retail operator would monopolise supply.
 - 5.1.3 In particular the planning system does not allow for particular restrictions on specific uses for example betting offices. The national Use Classes Order groups betting offices with professional and financial services. This Order permits changes between uses with similar impacts on amenity and environment to occur without the need to apply for planning approval. Crucially it is possible to change from a shop providing financial and professional services such as banking to a betting office without the need for planning approval.
 - 5.1.4 Government replies to concerns about the social and economic impact of betting offices in Hackney and do not offer a realistic prospect for the use of planning powers in this regard.

5.2 Planning Complaints

- 5.2.1 The Planning Service has not received particular complaints or representations with regard to the establishment of betting offices. The Service is aware of concerns, raised in the press and elsewhere regarding the social and economic effects of gambling behaviours, and the perception of a preponderance of betting offices in particular areas.

5.3 Evidence

- 5.3.1 There have not been new planning applications for betting offices. However, because betting offices can open with the benefit of permitted development it is advisable to confirming from licensing whether any applications for new licensing of premises as betting offices have been received.
- 5.3.2 A Retail Evidence Study prepared for the Local Development Framework in 2005/06 did not identify issues with regard for example to gambling establishments adversely affecting the vitality and viability of retail areas.
- 5.3.3 The Policy and Strategy service next month (June 2009) will be undertaking a Hackney “town centre health check.” This will review key indicators used London wide to measure the vitality and viability of town centres. The health check will gives Hackney an opportunity to supplement data sourced by the GLA to provide evidence to inform strategic and local policies, town centre management and other initiatives. The analysis of this survey will highlight any issues or problems which could be raised through concentrations of certain uses within town centres

which the planning service will then seek to resolve through an appropriate policy framework.

5.4 Retail Policy

5.4.1 The Council's most up to date retail policies are expressed in the Core Strategy Policy for the LDF being recommended to Cabinet on 22/06/09 for publication. This will provide an opportunity for representations to be made regarding the policies it contains under the procedures set out in planning Regulations. The policies were prepared following extensive public consultation but do not engage concerns about betting shops in particular because the planning system is not geared to manage at this level of detail.

5.4.2 Specifically Core Strategy policy for town centres states:

“Core Strategy Policy 14

“The Local Shopping Centres of Stamford Hill, Well Street, Broadway Market, Stoke Newington Church Street, Kingsland Road (Waste), Upper Clapton Road, Lower Clapton Road, Chatsworth Road, Hoxton Street, Lauriston Road, Shoreditch High Street, Shacklewell Lane, Manor House, and Hackney Wick Road will be protected as they provide a range of retailing and community services at local level. The role of the Local Shopping Centres will also be maintained and enhanced to better serve the local communities.

“Shops that provide essential day-to-day needs for the local community such as baker, butcher, greengrocer, grocer, specialist ethnic food shop, post office, dispensing chemist, launderette, newsagent and post office in the borough's town, district and local shopping centres as well as Shopping parades and Corner shops will be protected.”

5.4.3 The above policy words provide a broad strategic framework for promoting a balance of town centre uses that support retail vitality and viability. However the tools available through the Use Classes Order for development management are of no assistance with regard to controlling betting shops.

5.5 Planning Powers to Manage Concentration

5.5.1 In brief there are no effective powers under the planning system to control betting offices. Although others have alluded to opportunities to use specialised features of the planning system to control betting offices, this frankly is disingenuous. As is evident from the analysis below, attempts to

- use planning powers to control betting offices are resource demanding, high risk and unlikely to succeed.
- 5.5.2 The Under Secretary of State's letter in reply to a question from Diana Abbot MP refers to the local authority powers under the planning system to promote in retail areas the establishment of certain uses over others and to include policies in the Local Development Framework regarding locations and numbers provided they are supported by a strong evidence base.
- 5.5.3 The Under Secretary's letter refers to the Town and Country Planning (Use Classes) Order 1987. It notes that planning permission is not needed under "permitted development rights" to change from another A2 use (financial and Professional Services) to or a betting shop, nor from Class A3 (Restaurant and Cafes) Class A4 (Drinking Establishments) or class A5 (hot Food Takeaways) to a betting shop. It is suggested in the letter that where there are other local or site specific concerns "Article 4" directions to remove permitted changes of use.
- 5.5.4 However Article 4 is not considered practicable or realistic for controlling betting shops. The government's review of permitted development rights September 2003 by Nathaniel Lichfield in association with S J Berwin Solicitors referred to the resource intensive nature of establishing an Article 4 direction, and liability to compensation if it is disputed.
- 5.5.5 To establish an Article 4 direction for a particular area in Hackney it would be necessary to survey existing premises with the permitted development right to change into a betting shop. Evidence of harm to amenity, environment and social well being would have to establish the reasonableness of restricting the right to change. An application for an Article 4 Direction would be subject to public consultation and is decided by the Secretary of State. Its preparation would involve significant resources.
- 5.5.6 However, an Article 4 to restrict the permitted development right in respect of betting shops has a qualified prospect of approval by the Secretary of State. A recent letter from Baroness Andrews OBE Parliamentary Under Secretary of State at DCLG (RK/BA/01926/07 undated) regarding Planning and Licensing Laws – Betting Shops concluded that the "Use Classes Order is not in itself considered to be an appropriate mechanism by which to endeavour control betting shop numbers."
- 5.5.7 In the circumstances a Council intention to restrict the permitted development right through an Article 4 direction to change to a betting shop is not considered to be the course to be recommended to the Council. Furthermore it would expose the Council to the potential for compensation claims with respect to the imposition of the Article 4 restriction.

5.6 Innovative Steps

Planning conditions

- 5.6.1 The Under Secretary's letter also suggests that the planning authorities impose planning conditions on planning permissions for A2 uses restricting subsequent change to betting shops, thereby offering a possibility of additional control over the proliferation of betting shops.
- 5.6.2 However, it would be necessary to establish the reasonableness of such a planning condition. As changes are normally permitted under the Use Classes Order, it would be necessary to demonstrate harm to local amenity and social wellbeing to justify a condition to prevent the permitted change. This approach should be treated with caution, and has not so far been tested by planning inquiry or in the courts. Further it could only apply to premises applying for A2 Planning Approval. It would not be possible to apply it retrospectively to existing premises with the permitted development right. It would also be argued that it is more appropriate to address harm through the licensing system.
- 5.6.3 A "voluntary planning condition" was applied to a new banking outlet in Hackney recently. However it is purely voluntary and would not be enforceable, and therefore would fail the legal tests for planning conditions.

Special Use Class for betting shops

- 5.6.4 Representations from local authorities have suggested establishing a special use class for "betting shop" (as existed before the Use Class order was redrawn in 1987). Since the Under Secretary's letter does not take up this point, the inference is that the government does not intend to amend the Use Classes Order to creating a special use class of "betting shop" to enable local planning authorities to have deliberative and purposeful control over their establishment.
- 5.6.5 In any case the government would argue, as it has in the letters from Ministers, that the Use Classes Order is not an appropriate instrument to manage betting shops, and that the Gaming Act exists to manage gambling behaviours.

5.7 Planning Conclusion

- 5.7.1 It is therefore concluded that the planning system does not offer any reasonable prospect of managing betting shop locations and distribution. The Minister's letter clearly does not offer any realistic planning support. The use of planning powers in this regard is not recommended; and to

attempt to use planning for this purpose would set up planning to fail, and it is not advised.

6. SUSTAINABLE COMMUNITIES ACT

6.1 Background

6.1.1 The Sustainable Communities Act 2007 (the Act) came into force in October 2007. The aim of the Act is to promote the sustainability of local communities. The intended scope of the Act is to cover economic, social and environmental issues.

6.1.2 The intention behind the Act is to provide local people with a vehicle to drive change in order to promote and improve the economic, social or environmental well-being of the area.

6.2 An outline of the Act

6.2.1 The Act enables local authorities to put forward proposals that they consider would contribute to promoting the sustainability of local communities.

6.2.2 These proposals are put forward to a 'Selector' who is appointed by the Secretary of State. The national selector appointed is the Local Government Association (LGA). The role of the LGA is to consider the proposals presented by the local authority and along with the Secretary of State to produce a short-list of proposals.

6.2.3 This short-list is then considered by the Secretary of State and after consulting with the LGA. The Secretary of State must then decide which proposals will be implemented and provide reasons for their decision along with producing an action plan for the proposals they have decided to implement.

6.3 How to make effective proposals

6.3.1 Before making any proposals the local authority must have regard to the schedule contained within the Act. The schedule essentially provides a non-exhaustive list of concerns and factors that the local authority must take into account before making any proposal.

6.3.2 The list should assist local authorities in formulating their proposals and help in considering the question they must first ask themselves i.e. 'is this something we could do already without having to rely on the Act and seek approval from the GLA and Secretary of State?'

6.3.3 Once the real need for the proposal has been established the key question for local authorities is how to make an effective proposal. The Act required the Secretary of State to provide regulations and guidance to assist local authorities.

6.3.4 The Act and its regulations require the local authority to;

- i) Establish and/or be satisfied that a panel of local people (i.e. being residents and those who work or study in the area) has been created for which any proposal can first be put and if possible agreed, and
- ii) Reasonable steps must be taken to involve a sufficient cross-section of representatives on the panel that enable, in the opinion of the authority, local persons to be adequately represented.

6.3.5 The guidance assists local authorities in confirming that;

- There are no prescribed groups that should be included or a specified number of panels needed, along with outlining how these panels should be constituted,
- Reasonable steps should be taken to involve under-represented groups by identifying such communities by working with various departments within the council, third sector representative groups and other agencies providing services to individuals and groups. This will enable a view to be taken of those who are under represented in both civic and political activity.
- The local authority themselves should be satisfied that once a panel has been established or is being used under represented groups are sufficiently represented.
- The local authority may chose to recognise an existing panel and/or establish or use more then one panel in order to be satisfied, as long as they have taken the reasonable steps as outlined above.

6.4 The use of the Council’s E-Panel before making proposals

6.4.1 The ‘Hackney Matters E-Panel’ is a representative panel of Hackney residents. It comprises of over 2500 residents who the Council survey several times a year for the development of policy and service provision.

6.4.2 Following the guidelines of the Act the panel will be used to consult local people to gain their views on any proposals to be made under the Act.

6.5 Timetable for making proposals

- 6.5.1 The secretary of state made an invitation for proposals in October 2008 and any Council wishing to make proposals to the LGA must do so by 31st July 2009.

6.6 Using the Act to tackle the concentration of Betting Shops

- 6.6.1 The Act could be used to address the perceived deficiencies relating to local consideration which exists within the local authority's regulatory framework for licensing and planning.
- 6.6.2 This could be achieved by maximising the opportunity to allow for greater local consideration for place shaping and any negative impact caused by the concentration of Betting Shops in particular areas.

7. FINANCIAL CONSIDERATIONS

- 7.1. There are no finance implications arising as a result of this report.

8. COMMENTS OF THE CORPORATE DIRECTOR OF LEGAL AND DEMOCRATIC SERVICES

- 8.1 In looking at the concentration of betting shops in Hackney the regulatory framework's for Licensing and Planning were considered.
- 8.2 With regards to Licensing, the Gambling Act 2005 has been considered in terms of its limitations in controlling the concentration of gambling in certain areas.
- 8.3 In particular consideration has been given to the restrictions as set-out in section 153(2) (re; expected demand not being a factor) and section 210 (re; planning permission not being a consideration) of the Gambling Act 2005.
- 8.4 In terms of Planning, regard was given to the Council's policies that are to be introduced within the Local Development Framework and the limitation surrounding the Town and Country Planning (Use Classes) Order 1987 and the use of an Article 4 Direction (re; ability to remove permitted development rights in relation to certain changes of use) or placing conditions on any planning permission granted.
- 8.5 In seeking to address the perceived deficiencies that have been outlined in terms of regulating the concentration of betting Shops through Licensing

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and Planning, the Sustainable Communities Act 2007 (as contained within section 7) has been highlighted as a possible tool to enable a greater opportunity for local consideration.

- 8.6 There are no further legal or propriety issues that require consideration at this stage.



London Borough of Hackney
 Community Safety and Social Inclusion Scrutiny Commission
 Municipal Year 2008/9
 Date of Meeting: Thursday, 11th June 2009 at 7.00pm

Minutes of the proceedings of the
 Community Safety & Social
 Inclusion Scrutiny Commission
 held at Hackney Town Hall, Mare
 Street, London E8 1EA

Chair	Councillor Deniz Oguzkanli
Councillors in Attendance	Cllr Philip Glanville, Cllr Michael Levy, Cllr Sem Moema (Vice-Chair) and Cllr Angus Mulready-Jones
Apologies:	Cllr Patrick Vernon
Officers In Attendance	Joanna Sumner (Assistant Chief Executive - Policy & Performance), Hazel Simmonds (Interim Deputy Director - Safer Neighbourhoods), Thani Ulaga-Nathan (Licensing Manager), Shalini Ramanathan (Licensing Policy Officer), Bob Dolata (Planning Policy Team Leader), Butta Singh (Licensing Legal Officer) and Gareth Wall (Interim Head of Overview and Scrutiny)
Other People in Attendance	Councillor Sophie Linden (Cabinet Member for Customer Services and Sustainability), Councillor Jonathan McShane, Councillor Ian Rathbone, Ciaran O'Brien (Head of PR, Ladbrokes), Andy Brett (Area Operations Manager, Ladbrokes), Faisal Rahman (Fair Finance), Nick Mathiason (Resident), Professor Linda Hancock (Interim Head of Research, Responsible Gambling Fund), Rev J Daley (Faithful Ministries Borough Dean, Independent Black Majority Churches), Mr Jed Keenan (Resident).
Members of the Public	5 members of the public
Officer Contact:	Jarlath O'Connell ☎ 020 8356 3309 ✉ Jarlath.O'Connell@hackney.gov.uk

Councillor Deniz Oguzkanli in the Chair

1.1 Apologies were received from Cllr Vernon.

2 URGENT ITEMS/ORDER OF BUSINESS

2.1 There were no urgent items.

2.2 Cllr Oguzkanli announced that item 4 would be dealt with last and the meeting would begin with the substantial items from item 5 onwards.

3 DECLARATIONS OF INTEREST

3.1 There were none.

4 CONSIDERATION OF THE MINUTES OF THE LAST MEETING AND MATTERS ARISING

4.1 The minutes of the meeting of the Commission on 6 April 2009 were approved as a correct record.

4.2 Members welcomed the preliminary response from Job Centre Plus to the recommendations of the review on 'Tackling Worklessness'.

4.3 Members welcomed the progress being made on registering the agency Talent on the Access to Work contact list and on the developing relationship between Talent and the Council's HR department.

RESOLVED:	(a) That the minutes of the meeting on 6 April 2009 be agreed as a correct record. (b) That the matters arising from 6 April 2009 be noted.
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5 OUTLINE FOR THE REVIEW ON BETTING SHOPS

5.1 Members noted the outline for this short review on betting shops which had been agreed by the Overview and Scrutiny Board.

5.2 Cllr Oguzkanli welcomed everyone to the meeting and stated that it had been decided to devote a full meeting to this single topic in response to concerns raised by the Mayor, Councillors and residents on the increased concentration of betting shops on certain streets in the borough and their perceived negative impact on the community. He reminded Members that this issue had been the subject of a petition to Full Council in 2007 and the Mayor had appeared on national media discussing the issue. He stated that this mini-review was being completed promptly in order to contribute to the evidence base for a submission

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which Hackney Council would be making in July to central government to lobby for increased powers for local authorities under the Sustainable Communities Act (SCA) in order to curb the proliferation of any one type of retail premises on a street/neighbourhood. He stated that Cllr Linden, the Cabinet Member for Customer Services and Sustainability, would be making this submission to the Local Government Association who were co-ordinating the submissions to Ministers under the SCA. He added that another part of the evidence base would be a survey of residents which was being carried out during the month of June via the 'Hackney Matters' e-Panel and the Commission noted a briefing note from the Interim Head of Consultation outlining this.

- 5.3 Cllr Oguzkanli stated that he would like all those making presentations to speak for no more than 5 minutes, summing up their written submissions and questions would be taken afterwards when he would allow all parties to contribute to the panel discussion.

RESOLVED:	That the Review Outline be noted.
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6 THE CONCENTRATION OF BETTING SHOPS IN HACKNEY

- 6.1 Members gave consideration to a detailed report from the Neighbourhoods and Regeneration Directorate on “The concentration of betting shops in Hackney” introduced by the Principal Licensing Officer (Policy, Projects and Partnerships).
- 6.2 The Team Leader Policy from the Planning Service explained the background to the 1987 legislative change which put betting shops in the same planning ‘use class’ as financial institutions. In terms of other avenues open to local authorities to curb the proliferation of betting shops he stated that “withdrawing permitted development” was another option but it would be a complicated and difficult process. The Principal Licensing Officer added that the Gambling Commission’s Guidance to Licensing Authorities gives examples of possible representations unlikely to be relevant. This includes representation that there are already too many gambling premises in the locality (although it may be relevant if it points, as a result, to rising problems of crime, disorder, underage gambling or problem gambling). The Principal Licensing Officer also noted that the local concerns around how the look, feel, character, sustainability and quality of an area may be compromised by saturation can not be considered under this regime – unless it can be linked to the licensing objectives. It was noted that under the Licensing Act for alcohol, music and dancing, Government Guidance crucially sets out a framework to support local authorities in evidentially establishing that saturation has been reached when looking at volumes of licensed premises and their impact on crime and disorder and or public nuisance. Members noted that the statutory update of the Council’s Statement of Gambling Policy would shortly be going out to consultation.
- 6.3 The Chair welcomed Professor Linda Hancock to the meeting. A leading academic in the field of gambling policy she was Interim Head of Research for the Responsible Gambling Fund (formerly part of the Responsibility in Gambling Trust (RiGT)). Members noted the briefing note on the RiGT under item 9 on the agenda and noted that it was an independent Trust set up and provided with

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voluntary funding by the gambling industry to research and limit problem gambling. Professor Hancock stated that she worked in the university sector in public policy and the RiGT had engaged her to assist in the transition to its new structure. She stated that RiGT in its current form would cease to exist and two new bodies would emerge one to raise funds for research (the Gambling Research Education and Treatment Foundation) and the other to commission treatment services (the Responsible Gambling Fund)– in effect a fund raiser and a funds distributor. She described the outcome of a recent ESRC Seminar on “The Gambling Evidence Base for Local Authorities”, held on 4 February to which Hackney licensing officers had contributed.

- 6.4 Prof Hancock went on to describe some international experiences including an innovative use of smart cards in Nova Scotia. These cards which cover lotteries, scratch cards and casinos allow the user to set limits and to self exclude. They allow authorities to track who is gambling on what. She also described the experience in New Zealand where authorities put a variety of conditions on licenses to, for example, set up spousal arrangements to support families of addicts or ensure proper preventative measures are in place to deal with the underage or those with learning difficulties or mental health issues. She also described the research on local impacts and comparisons between spending in local businesses and spending money with betting shop chains where the benefit goes out of the borough.

RESOLVED:	(a) That the report be noted. (b) That the submission from Prof Linda Hancock be noted.
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7 RESPONSES FROM THE MAIN BETTING SHOP CHAINS

- 7.1 Cllr Oguzkanli stated that he had written on behalf of the Commission to the four largest betting shop chains in the borough and had received written submissions from three – William Hill, Gala Coral and Betfred, which were included in the agenda.
- 7.2 It was noted that while Ladbrokes had not responded in writing three representatives of the company were present at the meeting. Cllr Oguzkanli welcomed Ciaran O’Brien the national Head of PR for Labrokes and thanked him for attending. Mr O’Brien stated that he would be pleased to take part in the discussions but made a general point that the council’s focus here should be on over concentration.

RESOLVED:	That the submissions from William Hill, Coral and Betfred be noted.
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8 LOCAL SUBMISSIONS

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8.1 Members noted three written submissions in the agenda papers from

- (a) Ward Councillor – Cllr Ian Rathbone
- (b) Borough Director of Hackney Citizens Advice Bureau
- (c) Local resident – Ms Deb Rindl

As well as 4 tabled written submissions

- (d) Local resident – Nick Mathiason
- (e) Local resident – Tina Pinder
- (f) National Problem Gambling Clinic
- (g) Note on Hackney Matters e-Panel survey on betting shops

8.2 Cllr Oguzkanli welcomed Faisal Rahman to the meeting. Mr Rahman is the founder of Fair Finance and has a national profile on the issue of debt and debtors regularly contributing to the Guardian newspaper. His company Fair Finance is an ethical and socially responsible lender which serves poor families in East London and he campaigns against loan sharks and unfair lending. He stated that the betting shops chains had not properly addressed in their submissions the numbers of exclusions in place locally and how they are tackling underage gambling. He stated that while betting shops proliferated on these high streets there was a vast reduction in the provision of mainstream financial services for these local communities. He stated that the map of betting shop locations demonstrated how they clustered around the areas of most deprivation. He stated that it was difficult for Hackney advice agencies to de-segregate the issues of debt and problem gambling as a cause of debt. The matter was compounded by individuals who are problem gamblers being very reluctant themselves to reveal their own addiction status as this would make it more difficult for them to negotiate with their creditors. He stated that it was therefore difficult for advice agencies to collect hard data on the extent of the problem. He added however there was much anecdotal evidence in his company alone about the impact of problem gambling on families and communities. Vulnerable people were being tempted with short term credit and expensive cards and it was too easy to run up debts on machines in betting shops.

8.3 Cllr Oguzkanli welcomed Nick Mathiason, a local resident to the meeting and Members noted his written submission. It was noted that under the previous gambling legislative regime he had been instrumental in organising a local campaign of residents and a petition against the opening of a further betting shop in Chatsworth Rd in 2007 and the case had been lost at Appeal. By profession he was a journalist and had written on this matter for The Observer and been interviewed about the issue by Radio 4's The World Tonight. He stated that the character of betting shops had changed since the liberalisation of gambling laws with the advent of betting machines having a very detrimental effect. More generally the proliferation of one type of business be it betting shops or massage parlours or fast food shops damaged the character of an area and limited its potential to attract new business or residents.

8.4 Cllr Oguzkanli welcomed Rev. J Daley, the Borough Dean of the Independent Black Majority Churches to the meeting. She stated that she was very concerned

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about how betting shops in the borough acted as a magnet for more and more young people and in her view drug dealing, criminality and gang activity was evident around these shops. The shops were always clustered in the poorest areas of Hackney and she asked the Councillors present why this situation could have been allowed to develop.

- 8.5 Cllr Oguzkanli welcomed Cllr Ian Rathbone to the meeting and Members noted his written submission. Cllr Rathbone stated that residents in his ward (Leabridge Ward) continue to raise the issue of betting shops and he had been involved with the campaign in 2007 against the opening of a third betting shop on Chatsworth Rd. Further to his written submission he described the legal and regulatory process as being unjust, unfair and undemocratic and stated he was appalled that a betting shop could be classified in the same planning “use class” as a bank. In 2007 they had secured in just three days 400 signatures against the third shop on Chatsworth Rd. He stated that those who had campaigned against the opening of new betting shops felt that they were not being heard. His ward one of the poorest in the country and yet two betting shops there had a turnover of £9m and he had learned that the betting shop chain had expected the third shop to turn over an additional £2m on top of this. He stated that these shops gave nothing back to the community and explained that that he had approached Coral about giving something back to the community and had been told to contact their regional manager and nothing had come of this. The shops attracted every type of nuisance and the concerned residents who had been involved in the previous campaign had contacted the police on many occasions with documentary evidence of nuisance and petty crime. It had also been necessary to re-locate a bus stop to reduce nuisance caused to the public from beggars outside a shop. He stated that 64 betting shops in Hackney was far too many and he and many residents were frustrated at the lack of local control on the issue. He stated that he would like to see some attempt at estimating the cost to local health and social services of the family breakdown caused by gambling addiction. He stated that he had tried to apply for funding for community initiatives to the RiGT but had so far been unsuccessful. He disagreed with the term “problem gambling” as he stated gambling was always a problem. He concluded by stating that the Council must get some powers to start restricting betting shops and they must be asked to start paying something back to the community.

RESOLVED:	That the submissions be noted.
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9 RESPONSIBILITY IN GAMBLING TRUST

- 9.1 Members noted a briefing note on the Responsibility in Gambling Trust updated by Professor Linda Hancock who attended the meeting.

RESOLVED:	(a) That the briefing note on the Responsibility in Gambling Trust and the update on the restructure of that organisations from Professor Linda Hancock be noted.
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	(b) That Professor Hancock’s submission to the Commission be noted.
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10 NATIONAL PROBLEM GAMBLING CLINIC

10.1 Members noted a briefing note which described the work of the National Problem Gambling Clinic. Based in Soho it is the first multidisciplinary NHS clinic to treat problem gamblers in the UK. Members also noted an additional specific submission from the NPGC which was tabled. In it they provided statistics on their operation since they opened in September 2008. They also summarised some of their main findings on the causes and effects of problem gambling and they expressed particular concern at the growth of Fixed Odd Betting Terminals in betting shops because of their addictive nature. A significant number of their clients had started on FOBTs and their gambling addiction had spiralled out of control. 62% of their clients had reported a preference for gambling using FOBTs. Members noted that they were making the following recommendations:

- (a) Stricter enforcement of age limits.
- (b) More control of entry e.g. by use of swipe card or similar (making it easier for problem gamblers to exclude themselves)
- (c) Increased advertising about help for problem gamblers.
- (d) Increasing awareness amongst GP’s about signs of problem gambling.

10.2 Cllr Oguzkanli stated that Dr Henrietta Bowden-Jones, the Lead Clinician at the Clinic had been very supportive of the Commission’s review and had invited members on a site visit to the Clinic on 30 June.

RESOLVED:	(a) That the briefing on the National Problem Gambling Clinic be noted. (b) That the submission from the National Problem Gambling Clinic be noted.
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11 PANEL DISCUSSION

11.1 Cllr Oguzkanli opened the meeting to questions and stated that he would allow people to interject via the chair or ask supplementary questions to clarify points.

11.2 Questions and answers

(i) Cllr Oguzkanli asked Ciaran O’Brien of Ladbrokes to respond to the points raised so far.

Mr O’Brien stated that firstly he would like to clarify the distinction between turnover and profit. Turnover in shops is high but 88% is paid back to customers. They also pay back to the community via Ladbrokes Community Challenge Trust which disburses £1m per year. With regard to concentration he stated that he

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was not defending this point. It was a matter for the local authorities to control concentration but he reminded the meeting that their shops created footfall and this benefited neighbouring shops and businesses. He stated that betting shop chains are very highly taxed and also that they work closely with Job Centre Plus via Local Employment Partnerships to provide employment locally. Ladbrokes was also one of the biggest donors to Crimestoppers. Their shops had round the clock CCTV and a central security team and their staff had panic buttons connected to local police stations. Their Head of Security was a former Scotland Yard officer. They fully risk assessed all their premises. He added that they had no interest in encouraging any underage gambling and they operated the “Think 21” strategy in all their shops where staff were highly trained to spot and prevent any underage gambling.

He referred to a recent undercover investigation carried out on behalf of the Gambling Commission which had revealed that 98% of the shops tested had served a person under 18 and he acknowledged that this had not reflected well on the industry. Arising from this the industry had set up a working group to liaise with the Gambling Commission and all staff in Ladbrokes betting shops are under threat of dismissal if they knowingly serve under age people. He went on to state that Ladbrokes funds problem gambling charities such as GamCare and that it operates self exclusion systems in their shops where there is also prominent signage directing people concerned about problem gambling to seek support.

(ii) Cllr Mulready-Jones stated that in his opinion betting shops in Hackney tended to be frequented by very poor people, hanging around and drinking cheap alcohol. He asked Professor Hancock if she felt the industry was doing enough?

Professor Hancock replied by detailing some of the ways in which problem gambling is being tackled elsewhere. RiGT had commission research on self exclusion and learned for example that people who are desperate often disguise their appearance to gain re-admittance. For this reason a smart card system for admittance would be preferable. She described how betting shops had evolved in a number of countries and described how the ‘Fixed Odds Betting Terminals’ also known as ‘B2 Pluses’ are now continuous play globalized products. She stated that she did an assessment on these for the Department of Culture Media and Sport in 2006 which was critical of them but they had come in under the radar and were classified as ‘not a gaming machine’. The more people played on these the more they will lose and over an hour an individual could easily gamble £1000. She stated that she was also critical of a lack of local research on impacts stating that if these weren’t measured properly how would people know precisely what they were.

(iii) Cllr Mulready-Jones asked if he could get from the contributors some sense of what might constitute over-concentration in Hackney.

Mr O’Brien replied that he couldn’t speculate on this in terms of Hackney and added that if only one or two councils was lobbying government on this government would be unlikely to respond.

(iv) Cllr Levy asked what was the maximum number of FOBTs allowed per betting shop and expressed alarm that two shops were able to generate a turnover of £9m?

Mr O'Brien replied it was 4 terminals per shops. He re-iterated again that 85% of income was paid out to players.

(v) Mr Mathiason stated that the UK betting industry had revenues of £55m and profits had increased and asked Mr O'Brien what evidence there was that the industry was tackling problem gambling.

Mr O'Brien replied that there had been a 30% decline in profits in the third quarter of last year and that while the number of shops had risen since 2000 Ladbrokes itself had closed 40 shops in the last year. The growth in betting shops was flat he added.

(vi) Cllr Linden thanked Ladbrokes for attending and stated that the focus of the review was on concentration and asked the residents present for their views on what it was like to live near to betting shops. She stated that the sense of unease which an over concentration of betting shops created would certainly impact on how communities were developing.

Rev. Daley replied that the street pastors in her church reported that young people were congregating outside betting shops and getting adults to place bets for them. She asked how a mother who was in financial trouble because her husband had a gambling addiction could access these community funds which Ladbrokes was describing.

Mr O'Brien replied that Ladbrokes encouraged its branches to make submissions to their Community Fund and stated that he would be pleased to discuss with councillors and council officers how Ladbrokes could contribute to local charities.

ACTION:	O&S officer to facilitate meeting between Ladbrokes and local councillors on how Ladbrokes could contribute to the community in Hackney.
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(vii) Cllr Rathbone stated that he had made a quick calculation based on Ladbrokes statement and this still meant that a typical Chatsworth Rd betting shop would still be making a profit of £1.35m per year which compared very favourably with its neighbouring businesses who were mostly really struggling. He also stated that he challenged the figure of 85%. He also stated that the heavy CCTV presence in shops was in his opinion because staff were increasingly at risk. He finally asked if Ladbrokes worked with Gambler's Anonymous.

Mr O'Brien responded that Ladbrokes did not work with Gamblers Anonymous as GA does not engage with the industry, opting instead to remain an un-centralised support group which doesn't take a position on gambling. He stated that they referred clients instead to GamCare's helplines. In terms of safety of

staff and public he stated that the Health and Safety Executive monitored all their shops.

(viii) Cllr Rathbone asked what security was provided outside shops.

Mr O'Brien stated that like other responsible cash-handling businesses it took security very seriously. In relation to the points raised about turnover he stated that 85% of turnover goes back to customers. They have to deduct taxes, license fees, staff costs and rent and rates from the remainder. He undertook to provide councillors with a general breakdown of an average shop.

ACTION:	Mr O'Brien to provide O&S officer with financial breakdown for an average shop.
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He went on to describe the demographic profile of those using their shops and stated that gambling cut across all classes.

Mr Mathiason took issue with this stating that there had been extensive research linking the location of betting shops to areas of deprivation and deprived areas also showed the highest rates of problem gambling.

(ix) Cllr Moema asked about the proportion of income derived from FOBTs as opposed to other other types of betting in their shops.

Mr O'Brien replied that nationally 40-50% of income in betting shops was from gaming machines. He explained that prior to the Gambling Act 2007 roulette was dominant and there had been a shift to gaming machines.

(x) Cllr J McShane prefaced his remarks by stating he had come from a family of bookmakers and also that his father and grandfather had been problem gamblers. He took issue with gambling being described as a "pastime". He said this created the impression that it is a harmless pursuit. The industry, he went on, also uses the link to sport to improve its image despite most betting shops being in his opinion dirty room with fruit machines. He stated that the nature of bookmaker shops had changed including the opening hours and that at 7.00 am in Old St, on his way to work he often witnessed eastern European builders going in to place bets. Surely this is not a leisure pursuit but an addiction?

Mr O'Brien replied that it is up to people how they spend their money and as for opening hours, betting shops like other businesses cater for people who do shift work by opening flexible hours.

(xi) Cllr J McShane asked if betting shops would be better off by remaining as basic rooms with four machines rather than mini casinos?

Mr O'Brien replied that it was all about customer choice and betting shops had developed their offer to customers since the Gambling Act. Ladbrokes shops were air conditioned and well decorated. They provided a wide range of products to customers including live sport and virtual sport.

(xii) Cllr Glanville stated that there had been similar campaigns in Haringay and he asked how much the industry has grown since the arrival of new chains? He suggested that Ladbrokes would no doubt have a commercial interest in curbing saturation and asked if the balance of regulation was right?

Mr O'Brien replied that the Gambling Commission was relatively new but was doing a good job over all and re-iterated that the growth in the number of shops was flat.

What was the sustainable level of gambling for a community to support was the key question according to Professor Hancock?. She stated that the industry knows for each venue what the net gaming revenue is and it places premises according to market demographics in order to maximise revenue. She stated that in Australia and New Zealand the gambling authorities had much better data covering for example per capita net gaming losses for a local authority area and this becomes an important planning tool to allow councils to make more informed decisions. In the UK these figures should be available from the regulator. She also added that there had been a number of studies linking the deprivation index to per capita losses and it was important for the Gambling Commission to have better data. Mr O'Brien added that Ladbrokes itself was only one operator.

(xiii) Cllr Oguzkanli asked if there was any equivalent in the regulatory regime for gambling of the Section 106 clauses under the Planning Act to allow betting shop chains, for example, to give something back to the community.

The Licensing Team Manager replied that there is no equivalent. He added that the government has a relationship with the trade's voluntary fund which funds research and support services for those with gambling addiction. The Team Leader Policy from the Planning Department went on to explain that in planning law Section 106 Agreements are agreed as part of a planning permission and the benefits which accrue must relate to the development and must make the development work. In relation to a betting shop receiving planning permission, there might be a possibility of a S106 relating to improving the public realm but he didn't see how it could extent further than an item of infrastructure. Attempting to extend S106s beyond this would most likely fail to meet the legal test if they were challenged.

(xiv) Cllr Levy asked Mr O'Brien if he was concerned about the erosion of high streets by a proliferation of betting shops.

Mr O'Brien replied that Ladbrokes had had discussion with planners and they did discuss diversity of uses but he stated local authorities themselves should do more research on diversity of use. When a company like Ladbrokes contributes to this they are then accused of trying to stifle competition. He re-iterated that the SCA submission would be unlikely to succeed if only two councils were lobbying and more generally councils needed to do more work on diversity of use. He went on to state that 70-90% of people in betting shops use other

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nearby shops and their businesses therefore create footfall. He stated that issues of concentration were ones for local authorities to decide.

(xv) Cllr Glanville asked if there was any local discretion on the levels of gambling licence fees.

The Licensing Team Manger replied that the fees are set within a statutory maxima and the Council make no profit from them as they are to cover the administrative costs of the application process. The application fee for a betting shop was £3000 with an annual charge of £600.

Mr O'Brien added that Ladbrokes had 16 shops in the borough, employing 73 people and 65% of these were local residents. 2 members of their staff had 30 years service. The wages bill for them in the borough was around £1m and he stated they took their social responsibilities very seriously.

(xvi) Nick Mathiason stated that the restructuring of the Responsibility in Gambling Trust underlined the perennial problem of the industry and it also seemed the government was in effect forcing change on the industry.

Mr O'Brien confirmed that the Minister had in the end decided against a statutory levy on the industry and the larger players in the industry had pledged £5m for three years for the new Responsible Gambling Strategy Board and its two offshoots.

(xvii) Cllr Levy asked if there were any estimates of the cost to the NHS of problem gambling.

Professor Hancock replied that there wasn't as it would require a system for quantifying costs to other systems, for example housing assistance for families losing their home because of debt. She suggested that similar research was needed to that carried out by Professor Betsy Stanko who counted the cost of domestic violence to society over a year. Prof Hancock characterised the current situation as like the ambulance at the bottom of the cliff and urged that better quality data was urgently needed on local gambling to inform policy making. The challenge in terms of policy making she added was to relate saturation to risk and to figure out what is a sustainable level of gambling. The priority was to make the systems safe. It was also important for policy makers to understand that FOBTs were not the same as fruit machines.

Cllr Rathbone stated that it was unfortunate that Gamblers Anonymous did not get involved in any research or campaigns. He stated that he was a trustee of Hackney Law Centre and debt problems formed a significant amount of their work. The problem was that they did not register if problem gambling was linked to debt so there was a lack of local data.

(xviii) Cllr Oguzkanli asked Cllr Rathbone what changes he would like to see to the regulatory framework locally.

Cllr Rathbone replied that it was unfortunate that the regulatory framework at present gave local authorities no opportunity to apply any conditions on betting

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shop licences to require operators to give anything back to the community. It is not enough to merely give money to charity they should interact with the local community he added. He stated that he was shocked at the recent national survey which revealed that 98% of the shops tested served under 18s. He added that betting shops should not be allowed near schools or bus stops and need to be located where they would cause minimal disruption to the public.

Mr O'Brien replied that the Gambling Commission's anonymous survey to which Cllr Rathbone referred involved just one individual who was 17 years old. He reiterated that the results of this test did not reflect well on the industry and remedial measures were being taken. The research did not show children present in all betting shops as has been claimed. Ladbrokes trained staff to implement the "think 21" approach and they took any breaches seriously. They use central CCTV systems in their stores and are involved in industry wide initiatives to tackle this problem. He re-iterated that in terms of proliferation of betting shops it was for local authorities to deal with this issue where a problem was identified.

(xix) Cllr Oguzkanli asked Mr O'Brien if they would support any further regulation locally.

Mr O'Brien replied that it depended on the detail of it and they would co-operate with attempts to manage local impact. He added that much of the objections he had been hearing were moral ones and they could not engage with these because in a free society people should be free to spend their money as they wish.

(xx) Cllr Moema described a recent instance in Haringey where a licensing committee had refused an application but this had been overturned on Appeal.

Mr O'Brien stated he couldn't comment on the specifics but generally objections to licences tend to be focused on allegations of related criminal activity and there is usually very little evidence to back up these allegations. He reiterated that if a Council had a evidence base on diversity of uses for example it might be in a better position to stand up to scrutiny on Appeal. Mr Mathiason interjected that the limits for A3 use in planning law for example were quite generous and the barrier for objection is quite high. Mr O'Brien replied that there needed to be more evidence of wider impact related to a particular type of use.

(xxi) Cllr Moema stated that this high burden of proof was a difficult one and how will a local authority judge when saturation point has been reached.

The Principal Licensing Officer replied that the issue of thresholds was key. Under the licensing act framework a saturation policy or special policy area was brought in for Shoreditch. The Gambling Commission Guidance does refer to saturation but it makes it clear that it must be relevant to evidence of rising problems around the licensing objectives. She cautioned that the Guidance did not touch on the spread of betting shops and that this may be because the principle of demand is not relevant under the Gambling Act. She stated that the

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omission of further guidance on saturation limited what the Council could do in this regard, particularly given the potential for legal challenge against a policy decision that is not flagged up with the statute or statutory/central guidance. She described how the Council will be going out to consultation with the statutory update of its Statement of Gambling Policy.

(xxii) Cllr Glanville stated that this issue fell between planning and licensing laws and depended on being able to prove that an operator was poor or being neglectful. He asked Professor Hancock if there was any evidence internationally of effective local agreements on corporate social responsibility between authorities and operators.

Professor Hancock replied that there were many. In Australia for example social clubs get a rebate of 8.33% of tax because they serve a community function and have to file a community benefit statement form. However research showed that 98% of these were counting employment as a benefit. The debate here is on the need to return monies to the community. Municipalities can often get dependent on licensing income. A classic response from licensees is to pay back using volunteering. As regulatory frameworks develop they start to articulate more what the industry's social responsibilities are. In terms of the RiGT's funding, setting up GamCare was given priority. Some international examples illustrate what might be an acceptable level of profit however generally the model in gambling is one of open competition and a notable change internationally is a move away from mutualities to full open competition in the provision of various types of gambling.

Mr Mathiason added that Atlantic City in New Jersey was a good example of where casinos pumped money back into the community and regenerated a run-down inner city. In general though there appeared to be a massive gap here between the rhetoric and the reality on the ground. Another issue here was the ability of betting shop managers to weed out illegal activity when perhaps only one member of staff might have to monitor a wide range of different activities which take place in a typical betting shop these days.

(xxiii) Mr Jed Keenan, a resident, asked about the use of the Sustainable Communities Act in the context of local betting shops returning so little to the borough despite their profitability nationally.

The Assistant Director Safer Neighbourhoods stated that the Sustainable Communities Act did provide an avenue for the Council to pursue in tackling this issue and pointed members to page 38 of the agenda where the detail of how it might be used was outlined. The Council does of course have a number of tools under planning, licensing and gambling legislation and the challenge was to optimise these to contribute to better place shaping in the borough.

Cllr Rathbone stated that three years previously the Council adopted a formal resolution for "no casinos in Hackney". He stated that it was for the borough's politicians to say that enough was enough and the Council should say 'no' to more betting shops. He also stated that further to Ladbrokes statement about their wages bill in the borough, he calculated that this averaged £14k per person which was not a decent wage.

Mr O'Brien clarified that many of the staff in this calculation worked part time.

The Legal Adviser clarified that the “no casinos” resolution was not helpful here because “no casino” resolutions had been specifically allowed for in the Gambling Act. There is no provision in the Gambling Act to permit a “no betting shops resolution” and any attempt to do so would fail under legal challenge.

The Assistant Chief Executive – Policy and Performance clarified the situation in relation to the planned submission to the LGA. She stated that she had already met with the LGA on Hackney's proposal and the submission would most likely address the need to lobby central government on changes to the planning “use classes” and that as well as lobbying for new powers under the SCA for local authorities it would also be possible to lobby around the issue of the current regularly framework being needlessly over bureaucratic and serving to limit Council's capacity to influence the character of its high streets. She stated that the LGA had been very positive in its initial response and that the Sustainable Communities Act was intended to give local authorities the scope to do more to shape local communities.

Mr O'Brien concluded that the issue of concentration was one for each local authority however again much of the discussion on this issue was based on moral judgements which did not move the debate forward. Ladbrokes made £240m profit last year but paid £50m in tax and £45m in charges to local authorities. He reiterated his offer to broker a meeting between Mayor Pipe and the Association of British Bookmakers.

- 11.3 Cllr Oguzkanli thanked all parties for attending and in particular Mr O'Brien and his colleagues from Ladbrokes for their helpful contribution to the meeting. He concluded that a Chair's Report on this mini review would be available in two weeks. This would form just one part of Cllr Linden's submission on behalf of Hackney Council to the Local Government Association.

11.4 **Consideration of draft recommendations**

Cllr Oguzkanli took members through some of the key points raised at the meeting and after some discussion Members agreed that the headline items which would require recommendations would be as follows:

- (a) A recommendation to strongly support the proposal to the LGA to secure additional powers under the Sustainable Communities Act
- (b) A recommendation to request that local research on the impact of betting shops in Hackney be commissioned.
- (c) A recommendation to the Hackney Financial Inclusion Steering Group and the Community Empowerment Network to encourage advice agencies amongst their membership to review how they capture data on clients who contact them with debt problems in order to de-segregate the issues of debt and problem gambling as a cause of debt in their statistics. The Commission acknowledges that the lack of hard local data on problem gambling is problematic.

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- (d) A recommendation to request the Licensing Team to collect more data on the use of FOBTs in betting shops in Hackney including the scale of their use, the proportion of income they generate and an assessment of the types of games played on them.
- (e) A recommendation to request the Licensing Team to secure as much local data as possible on gambling in Hackney held by the Gambling Commission.
- (f) A recommendation to the Corporate Director of Neighbourhoods and Regeneration to request that additional research on “diversity of use” on high streets be carried out to provide an evidence base useful for the planning and licensing authorities.
- (g) A recommendation to lobby nationally for a separate planning ‘use class’ for betting shops.
- (h) A recommendation to the Licensing Team to examine the Gambling Commission’s own tests and to review how gambling enforcement operates locally.

Cllr Oguzkanli stated that these would be worked up and included in a draft report circulated to members. He thanked all present for their contributions to the meeting

12 ANY OTHER BUSINESS

There was none.

Duration of the meeting: 7.00 - 10.00 pm
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