

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Tenth Delegated Legislation Committee

DRAFT GAMING MACHINE (MISCELLANEOUS AMENDMENTS AND REVOCATION) REGULATIONS 2018

Monday 17 December 2018

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The Committee consisted of the following Members:

Chair: JOAN RYAN

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| † Allen, Heidi (<i>South Cambridgeshire</i>) (Con) | † McGinn, Conor (<i>St Helens North</i>) (Lab) |
| † Allin-Khan, Dr Rosena (<i>Tooting</i>) (Lab) | † Malhotra, Seema (<i>Feltham and Heston</i>) (Lab/Co-op) |
| † Bowie, Andrew (<i>West Aberdeenshire and Kincardine</i>) (Con) | † Pawsey, Mark (<i>Rugby</i>) (Con) |
| † Bruce, Fiona (<i>Congleton</i>) (Con) | † Scully, Paul (<i>Sutton and Cheam</i>) (Con) |
| † Davies, Mims (<i>Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport</i>) | † Selous, Andrew (<i>South West Bedfordshire</i>) (Con) |
| † Dhesi, Mr Tanmanjeet Singh (<i>Slough</i>) (Lab) | † Smeeth, Ruth (<i>Stoke-on-Trent North</i>) (Lab) |
| † Elmore, Chris (<i>Ogmore</i>) (Lab) | † Timms, Stephen (<i>East Ham</i>) (Lab) |
| † Johnson, Gareth (<i>Dartford</i>) (Con) | Ian Bradshaw, <i>Committee Clerk</i> |
| † Kerr, Stephen (<i>Stirling</i>) (Con) | |
| † Linden, David (<i>Glasgow East</i>) (SNP) | † attended the Committee |

Tenth Delegated Legislation Committee

Monday 17 December 2018

[JOAN RYAN *in the Chair*]

Draft Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018

6 pm

The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (Mims Davies): I beg to move,

That the Committee has considered the draft Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018.

It is a pleasure to serve under your chairship, Ms Ryan. The regulations were laid before the House on 15 November, and I am very pleased to have the opportunity to debate them. The Gambling Act 2005 established a new system for the regulation of gambling in Great Britain. Section 235(1) defines a gaming machine as

“a machine which is designed or adapted for use by individuals to gamble (whether or not it can also be used for other purposes).”

The Categories of Gaming Machine Regulations 2007 define four categories of gaming machines, known as categories A, B, C and D. For the purposes of the 2005 Act, category B machines are divided into sub-categories.

Following consultation and the consideration of all relevant evidence, the Government announced in May our decision to reduce the maximum stake on sub-category B2 gaming machines, informally known as fixed odds betting terminals, to £2. The decision was met with enthusiasm from many quarters. Local authorities, charities, faith groups, interest groups and academics all submitted opinions in favour of a £2 limit. Parliament—including many hon. Members present today—was no exception in expressing its emphatic support for the Government’s intentions.

I want to add my personal thanks to the all-party parliamentary group on fixed odds betting terminals, led by the hon. Member for Swansea East (Carolyn Harris), and to my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith) and the hon. Member for Inverclyde (Ronnie Cowan), for their consistent support on this policy. I worked closely on it with the previous Minister, my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch). I thank her for all her work, and I am delighted to be in a position to bring forward this progressive legalisation.

These regulations give effect to the May decision by amending the Categories of Gaming Machine Regulations 2007 to reduce the maximum stake permitted for B2 gaming machines from £100 to £2 from 1 April 2019. They also make consequential changes to other secondary legislation. They amend the Gaming Machine (Circumstances of Use) Regulations 2007 and revoke the Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015 to remove requirements that no longer apply as a result of the stake reduction. The latter regulations imposed a new requirement that players who wanted to access stakes in excess of £50 on sub-category B2 gaming

machines had to load cash via staff interaction or use counter-based play. The amended and revoked provisions relate to gaming machines in which it was possible to stake more than £50. They are no longer relevant to sub-category B2 gaming machines.

Millions of people enjoy gambling responsibly, and the Government are committed to supporting a healthy industry. We do not want to stop people having fun, but we need to find the right balance between freedoms and protections. We are taking decisive action to ensure we have a responsible industry that continues to contribute to economic growth, while ensuring that the most vulnerable in our society are protected from gambling-related harms. The Secretary of State and I, and the industry, want to identify behaviour that could put people at risk of harm, and we want to be able to intervene early. Socially responsibly business is the only kind of business that we want to see in this sector.

Under the Gambling Act 2005, B2 gaming machines have a maximum stake of £100, which is by far the highest for any gaming machine in Great Britain. The maximum prize that can be won as a result of a single use is £500. The next highest limit on the high street is for B3 machines, where the maximum stake is £2 and the maximum prize is £500. Almost 14% of players of B2 machines are problem gamblers, which is currently the highest rate in terms of gambling activity in England. In addition, the highest proportion of those who contact GamCare, the main treatment provider, identified the machines in betting shops as their main form of gambling. Gaming machines in betting shops also account for one of the highest proportions of people in treatment for gambling addiction.

In October 2017, the Government published the consultation on proposals for changes to gaming machines and social responsibility measures, which invited views on proposals to reduce the maximum stake for B2 machines. The consultation received more than 7,000 responses and closed in January. The Government published their response on 17 May. After giving due consideration to all the information and evidence received, the Government decided that it would be appropriate to reduce the maximum stake for B2 gaming machines to £2. We concluded that the volume of high-level session losses was the best proxy for harm, and the evidence was that the harm from B2 gaming machines would be significantly reduced with a reduced maximum stake of £2. That was supported by the Gambling Commission’s advice that action on B2s should involve a stake limit between £2 and £30 if it is to have a significant effect on the potential for players to lose large amounts of money in a short space of time, with any further decrease a matter of judgment for the Government.

In comparison with other gaming machines on the high street, B2 machines are an outlier because of the speed with which it is possible to lose large amounts of money. B2s generate a greater proportion and volume of large-scale losses—for example, losses of more than £500 in a session—and the losses are larger and the sessions are longer for those who bet at the maximum stake of £100 than for those who play at a lower level.

Even cutting the maximum stake to £10 would have left problem gamblers and those who are most vulnerable exposed to losses that could cause them and their families significant harm. In particular, the Government noted that more than 170,000 sessions on B2 roulette

ended with losses between £1,000 and £5,000. Such sessions persist at average stakes of between £5 and £10. By contrast, none involved average stakes of £2 or below. In addition, the Government considered that the reduction to £2 was more likely to target the greatest proportion of problem gamblers and therefore protect the most vulnerable players.

In coming to our conclusions, the Government considered the impact on those who live in more deprived areas and on their communities. Some of the most vulnerable to harm are likely to be people who can, sadly, least afford to lose large sums of money. Having considered those and other factors, the Government concluded that we would reduce the maximum B2 stake to £2.

The regulations amend the definition of a sub-category B2 gaming machine in the gaming machine regulations, so as to reduce the maximum stake permitted in respect of such a machine from £100 to £2. In consequence of that amendment, these regulations also amend the definition of a sub-category B3 gaming machine, so that B2 and B3 gaming machines can continue to be distinguished from one another by reference to the different places in which B2 and B3 machines are allowed to be made available. This approach draws on the power in section 236(4)(e) of the 2005 Act to permit the categorisation of gaming machines by reference to the premises in which they are used. Regulation 6 of the gaming machine regulations provides that sub-category B3 gaming machines may be available for use in casinos, betting premises, bingo premises and adult gaming centres, while sub-category B2 gaming machines may be available for use only in casinos and betting premises.

Having conducted a process of engagement with the industry, the Government announced in November that we would implement the stake reduction on 1 April 2019—a date that is specified in the draft regulations and that the Government consider allows the industry sufficient time to make relevant changes. The industry has known about the Government's intention to reduce stakes to £2 since May this year. The date announced last month provides further clarity to allow it to continue preparations.

We have said all along that protecting vulnerable consumers is our primary concern. As a responsible Government, it is also right that we take into account the needs of those employed in the gambling industry and that we provide time for an orderly transition. The date on which the draft regulations will come into force generated much opinion and debate, and it was right that those with strong views and evidence on the issue, including many Members, had the opportunity to share them. Most importantly, this significant change will help to stop extreme losses by those who can least afford them and to protect the most vulnerable in our society. Members will know that the Government's draft Finance Bill was also amended so that the increase in remote gaming duty, paid by online operators, comes into effect in April 2019, at the same time as the reduction in stakes, in order to cover the negative impact on the public finances and to protect vital public services.

My appointment follows an extremely progressive year of policy developments. The intention of the Government's wide-ranging gambling review is to continue to strike the right balance between socially responsible growth and protecting the vulnerable, including our children, from gambling-related harm. Let me be clear: the review and the legislation do not mark the end of

Government action. We recognise that harm is not about only one product. We will act where there is evidence of harm, and we will always keep issues under review, as is our responsibility. We must ensure that people can have an open conversation about what responsible gambling looks like, in order to identify harmful behaviours both online and offline. Millions of people rightly enjoy gambling responsibly, and the Government are committed to supporting an industry that generates employment and investment.

However, while the Government want to see a healthy gambling industry, we also need to see one that is socially responsible and protects the most vulnerable in our communities. The industry is rightly coming to the table, which the Secretary of State and I strongly welcome. We will also continue to work with colleagues from other Departments, such as the Department for Education, to ensure that we co-ordinate our approach to young people, and the Department of Health and Social Care, to improve links between gambling treatment and other services. I am proud that the Government are taking forward this decisive measure. I commend the draft regulations to the Committee.

6.14 pm

Dr Rosena Allin-Khan (Tooting) (Lab): It is a pleasure to serve under your chairship, Ms Ryan. I thank the Minister for her opening remarks.

This is an important day for those of us who want to see meaningful gambling reform in this country. FOBTs have long been the scourge of the high street, but today, due to the work of tireless campaigners, both inside and outside the House, we are poised to reduce the maximum FOBT stake to £2. The reduction will have a real impact on the prevention of problem gambling, so I welcome that decision.

I pay tribute to the people who got us here, particularly my hon. Friends the Members for West Bromwich East (Tom Watson) and for Swansea East and the charities GambleAware and Gambling with Lives, but it is a shame that it has taken so long. I trust that the strength of feeling shown in the House and the resignation of a Minister of State whom I greatly respected, the hon. Member for Chatham and Aylesford, will act as a sufficient deterrent to future Secretaries of State who may wish to put industry profits before people's lives.

Mr Tanmanjeet Singh Dhesi (Slough) (Lab): We fully support the draft regulations, but does my hon. Friend agree that it should not have taken the resignation of a good Minister to get us into this position? The Government should have listened to vigorous campaigning by so many colleagues and charities, rather than having to be forced into this scenario.

Dr Allin-Khan: My hon. Friend makes an excellent point: it should not have taken this long for us to reach this point, nor should it have required such extreme measures as the resignation of a fantastic Minister who will be sadly missed. Nevertheless, the draft regulations are a landmark in gambling reform, and the Government deserve some credit for eventually taking action to protect people from gambling harms. I hope that this is just the beginning.

The Opposition will not hamper the progress of the draft regulations, since they are designed to reduce problem gambling, but we have some areas of concern,

[Dr Allin-Khan]

which I hope the Minister will address. There is still a great deal that we can do to reduce the number of problem gamblers in the UK and prevent future generations from falling into the same traps. The whistle-to-whistle ban announced this month on gambling adverts in live sport is an encouraging sign that the gambling industry is open to reform, but we must ensure that it is meaningful, that live sport online is properly regulated, and that other media such as radio are not forgotten.

Labour recently published its review of problem gambling and its treatment, which proposes a handful of reforms that the Government could implement to make a very real difference. The levy on gambling operators to fund research, education and treatment should be raised from 0.1% to 1% and should be compulsory. New clinical guidelines should be developed so that problem gamblers can receive the best possible care and treatment, and the NHS's funding should be increased so that it can provide that care and treatment across the country. Betting on credit cards should be banned, and it should be possible to block certain debit card transactions so that gamblers can be in control of their spending. Problem gambling rips families' home lives apart. The Barclays mobile banking app is the first high street bank app to feature debit card transaction blocking, but I hope that other banks follow suit.

Those are straightforward steps that the Government could take very quickly, and I sincerely hope they do, but we also need to widen the conversation around gambling reform to ensure that we think about the industry as a whole. We know that the two main centres of gambling activity are high street betting shops and online gambling sites. By reducing FOBT stakes, we have addressed a major problem in high street betting shops, but more needs to be done. We need a conversation about whether we are prepared to accept the clustering of betting shops in areas of high deprivation, where the people who are most vulnerable are also the most targeted by gambling companies.

Preventing problem gambling in shops is crucial, but so is tackling online gambling. The most obvious issue is online gambling advertising, which is effectively not age-restricted and can be found on almost any website. However, there is also the issue of gambling within online games, whether that is betting on skins in Fortnite or betting on horse-racing in Grand Theft Auto. We need to explore the impact that these parts of games have on the minds of the young people who predominantly play them.

This is a day to remember for UK gambling reform, but more importantly it is an opportunity to recognise what is still to be done. We owe it to the people we represent not to stop here.

6.19 pm

David Linden (Glasgow East) (SNP): It is a pleasure to see you in the Chair, Ms Ryan, and to serve under your chairmanship. I want to say at the outset how much I welcome the regulations. Although I am tempted to do so, I will not ram it down throats that this is a Government climbdown, because this is an important day. So often in this place, particularly given the volatile nature of this Parliament, I walk home at night wondering

why I am here and what my contribution is. The fact that I can be here tonight to support the regulations fills me with a lot of pride.

I will briefly touch on the Finance Bill, to which my hon. Friend the Member for Inverclyde secured an amendment regarding a review of fixed-odds betting terminals. I very much hope that that amendment will not be removed on Report. The statistics about the amount of money that people lose are deeply saddening—£192 per spin. Self-regulation has not worked. From the moment I was elected to this House in 2017, I was struck by the incredibly aggressive way in which the Association of British Bookmakers pursued me and other Members of Parliament. It tries all sorts of ways to get in touch with us. I condemn on the record its tactics, and the way that it tries to intimidate Members of Parliament. I will not even begin to go into some of the tactics that were deployed in my constituency.

It was interesting that the Minister and the shadow Minister have rightly touched on areas of high deprivation being targeted. I do not know if any Committee member has a more deprived constituency than Glasgow East. I reflect on a statistic that came out of a Channel 4 documentary a number of years ago. It suggested that for every 100,000 people in a deprived area there are 12 betting shops, and that for every 100,000 people in a more affluent area there are five betting shops. I remember—I was a parliamentary researcher at the time—running those numbers and seeing that in my constituency, which has 70,000 people, there were in excess of 45 betting shops. In the constituency of the hon. Member for West Aberdeenshire and Kincardine there are probably fewer than five. If that does not send a message to the House about the tactics of bookmakers in targeting deprived areas, I do not know what will.

I want to look at other areas of gambling reform. We need to have a serious conversation about the role of the national lottery, because I am not convinced that the funding is necessarily pouring back into the areas where the tickets and scratch cards are bought. However, that is a different story. The liberalisation of the Gambling Act 2005 went too far, and we definitely see that in communities such as my own. However, like other Members, I pay tribute to the hon. Member for Swansea East, the right hon. Member for Chingford and Woodford Green, and my hon. Friend the Member for Inverclyde. They all pursued this cause diligently when other Members of Parliament were distracted by other issues, and they have beavered away at it.

Finally, I pay tribute to the hon. Member for Chatham and Aylesford. In my time in this House I do not think I have come across a more genuine or nicer person. It fills me with great sadness that it took her falling on her sword for the Government to decide that they had to take action. Although I am deeply sad that she had to resign from Government, I will go home tonight very proud that we are finally taking action for some of the most vulnerable people in our constituencies.

6.23 pm

Stephen Timms (East Ham) (Lab): I am very pleased to be serving under your chairmanship this evening, Ms Ryan, I think for the first time. Rarely will a statutory instrument have elicited the joy that this one will. It represents success at last for a long, hard-fought

campaign. We should have succeeded years ago, and would have done were it not for the fact that the Treasury were profiting from the shameful racket to which the statutory instrument will finally put an end.

It is right, as others have said, that we give credit where it is due. My hon. Friend the Member for Swansea East has led the campaign as chair of the all-party parliamentary group with a unique blend of passion and warmth, and we are greatly in her debt. My hon. Friend the Member for West Bromwich East, as my hon. Friend the Member for Tooting pointed out, has played an exemplary and crucial part as well.

Like others, I pay tribute to the Minister's predecessor, the hon. Member for Chatham and Aylesford, who was absolutely right to resign last month when the Government tried, shamefully, to delay this change, and to the right hon. Member for Chingford and Woodford Green—with whom I disagree about virtually everything—who has played a positive role in this campaign.

I also pay tribute to local authorities outside of the House. My local authority, Newham, has provided valuable support to the all-party parliamentary group on fixed odds betting terminals—the one local authority to do so. I pay tribute to the current Mayor of Newham, Rokhsana Fiaz, and to her long-serving predecessor, Sir Robin Wales. I also pay tribute to Christian Action Research and Education, which has been a consistent supporter, with Newham Council, of the APPG.

Unfortunately, the role of some others has been lamentable. Some in the House have lobbied for the continuation of this shameful racket, which has destroyed the wellbeing of so many families. The Chancellor of the Exchequer should be ashamed of himself for apparently caving in to the lobbying. The Secretary of State for Digital, Culture, Media and Sport also behaved lamentably in failing to support his Minister, who was forced to resign.

Ministers missed the chance to act on the growing menace of FOBTs five years ago, in the 2013 triennial review. Five years ago next month, we had a debate in the Chamber, which made the scale of the menace crystal clear. I reported in my speech—my constituency has a lot in common with that of the—that at that time in East Ham, on High Street North we had 14 betting shops open from 7.30 am to 10 pm, each with just one member of staff.

I quoted a former Paddy Power manager, who told me of families and businesses ruined while he was managing a shop, and of students who gambled away their student loans. He estimated that on a typical day in any Paddy Power shop with four fixed odds betting terminals, as they all have, one could meet half a dozen people whose lives had been destroyed by their addiction to these vile machines. A big use of the terminals has been to launder the proceeds of drug crime, giving criminals an apparently legitimate source for their cash. They are in those shops day in and day out.

Andrew Selous (South West Bedfordshire) (Con): It is right to say that it is not just a case of lives ruined; in some cases lives are lost, because of the amount of suicides. That needs to go on the record as well.

Stephen Timms: The hon. Gentleman is absolutely right. A fair number of people, I am afraid, literally have blood on their hands through what has happened.

Often, punters losing huge sums would smash up terminals in the shop in anger, but the one member of staff there was instructed not to call the police, so that the incident would not feature in the crime statistics. Some of the shops act as honey pots for drunken louts intimidating decent shoppers who pass by. We were warned in the course of this campaign that if it succeeded in reducing the maximum stake to £2, the danger was that the number of betting shops could be halved. I must say, if the number of betting shops in East Ham falls by only 50%, I shall be very disappointed. I hope we will see a much larger reduction than that.

These vile machines have been cynically fostered by shameless, irresponsible conglomerates in the poorest communities, as the hon. Member for Glasgow East has rightly pointed out, destroying hard-working families and, on occasions, lives—the hon. Member for South West Bedfordshire is right about that. They are a magnet for crime. They launder the proceeds of crime. They are a tawdry and soulless presence on high streets such as the one I represent, driving decent shops away and repelling family shoppers.

How can it have taken five years from the time of that debate, which made the extent of the damage so clear, to bring about this statutory instrument? So much money has been made by the betting companies that they have been able to employ armies of unscrupulous lobbyists and lawyers, and—let us be honest—sold-out former police officers, to give evidence for them from time to time. Of course, the Treasury has been among the principal beneficiaries of this vile trade.

Having spread blame around the place, I want to recognise that—unwittingly, at the time—I bear some personal responsibility for what has happened. From 1999 to 2001, I was the Treasury Minister responsible for betting duty. I introduced a series of reforms to betting duty designed to recognise the fact that gambling was moving online. Indeed, there was a real worry, which to some extent has been fulfilled but not as far as it might have been, that the online betting companies were also going to move offshore.

With the reform package that we introduced, part of its aim was to make low-margin betting products viable. I did not know then about fixed odds betting terminals, but I remember asking industry representatives—I particularly recall a conversation with somebody from Ladbrokes—whether the industry would use this change and behave responsibly. Looking me in the eye, that individual assured me that it would.

Rarely have I been so badly misled. The industry has been utterly irresponsible in the way that it has behaved with these terminals. The vast sums that it has raked in have completely blinded people to the ruin that it has caused. The Association of British Bookmakers, with which I worked in that period at the Treasury, has behaved shamefully, and industry leaders, who comport themselves as respectable businessmen, should hang their heads in shame for the lives they have destroyed in their pursuit of profit.

The Minister said that only those showing social responsibility would be able to take part in this industry. The industry has shown zero social responsibility; it has not even shown morality, let alone social responsibility. Let nobody try to pretend otherwise, because I am afraid that nobody involved in this vile trade knows

[Stephen Timms]

anything of social responsibility. They have been completely blinded by the enormous sums they have been able to make.

I am absolutely delighted that we have finally got the chance to vote for this statutory instrument, but let us never forget the lessons that must be learned from this sorry and shameful saga.

6.32 pm

Conor McGinn (St Helens North) (Lab): It is a pleasure, Ms Ryan, to serve under your chairmanship for the first time.

I rise to speak as the chairman of the all-party parliamentary group on racing and bloodstock industries; I draw attention to my entry in the Register of Members' Financial Interests in that regard.

I pay tribute to the speeches that we have heard, particularly those from the Front Bench, including that of my hon. Friend the Member for Tooting. Her work on this issue, along with that of my hon. Friend the Member for West Bromwich East, has shone an important light on various aspects of the gambling industry that Parliament needs to look at. However, I am afraid that I want to raise some issues, primarily in relation to racing and the impact that these changes could have on it.

First, I will say very clearly that problem gambling is a curse. It is one of the worst afflictions I have seen, not only as a Member of Parliament in the cases of my own constituents, but personally, with friends and family, from the community I live in now in St Helens to the community that I come from, in Northern Ireland.

We need to focus very strongly on treating the addiction and while I welcome any moves to tackle problem gambling, all I would say about fixed odds betting terminals is that, first, as a punter I do not like them, I have never played them and I cannot see the attraction at all for anyone. However, we need to be careful in this victory lap of virtue— not to be too flippant about it—that we do not see this change as the panacea to all of the ills.

Although I think that a stake reduction was inevitable due to both public pressure and the comparison with other machines in places such as arcades and casinos, I will just note that the Gambling Commission itself said the stake should be reduced to £30, and I wonder whether the Minister would explain why she felt it necessary to reduce the stake further to £2.

Let me say something about gambling, I have a love-hate relationship with the bookies: I love taking money off them, and I hate losing to them. That is the adversarial nature of being a punter and enjoying a bet on the football or the horses on a Saturday, or occasionally—and I hope that Mrs McGinn is not viewing this—taking an hour on a Friday afternoon before or after a surgery to nip into the bookies and watch the racing on the high street.

I have huge respect for my right hon. Friend the Member for East Ham and the work he has done. I fear that, while we have a shared Christian faith, my Irish Catholicism is coming out in my contribution to the debate, as his evangelical Protestantism comes out in his. I would just say to him gently that he needs to be

careful when he talks about decency—decent shoppers and decent people. The single mum who does a few hours part time to supplement her income, by working in a bookies in Newton-le-Willows, where I live, is far from indecent. The older men who have been widowed, who go into the bookies of a Tuesday or Wednesday morning, and sit and pick their horses out and drink their cup of coffee—and who are there, during the winter, for the heat—are far from indecent.

Stephen Timms: I am grateful to my hon. Friend for the generous tone in which he expresses his criticism, but can I ask him about a comment that a constituent of mine put to me—someone who does a lot of gambling on horses? He said to me that he found it impossible in a lot of those shops to get a bet on a horse because the businesses are so completely taken over by these appalling machines. Horse betting is not going on there at all.

Conor McGinn: I have no reason to disbelieve my right hon. Friend's constituent. All I would say is that in my constituency, in the bookies I go into, the machines are not played that often. I am not naive about it, and I am certainly not going to pretend that machines are not a problem, but we have heard contributions from London and from Glasgow and I think that the problem could be more prevalent in cities, where there is non-traditional gambling. I have Haydock Park racecourse in my constituency—and St Helens rugby league club. There are Liverpool and Everton, and Manchester City and Manchester United, and traditional modes of gambling. One of my concerns is that I want people to gamble on horse-racing and not what I would see as the competitor products.

Gambling on the high street is just 20% of gambling overall. As others have pointed out, we need to think about other arenas and the move away from the high street. I contend that the high street may be a safer environment for gambling because it means being with other people, including staff, in an open environment, rather than gambling online, alone at home. It is worth noting—and it will become apparent why this is important for racing—that the number of betting shops on the high street has fallen by 150 in the past six months, and there are fewer of them on the high street than at any time since the 1970s. It is interesting to think that at that time there were only the dogs, horses and football to gamble on.

David Linden: I am a Baptist and do not want to get into the middle of a Catholic-Protestant argument, but in my constituency, where the levels of digital exclusion are still very high, it is still betting shops that are the problem. I have many constituents who have never touched a computer; that is the reality in 2018. However, in Baillieston Main Street there are three betting shops lined up next to each other, and pretty much every week the council gets planning applications for more of them. We need to be slightly more mindful of the issue of digital exclusion.

Conor McGinn: The hon. Gentleman's substantive point is a fair one. As to his introductory point, he is, as the hon. Member for Glasgow East, probably best staying out of matters of religious nuance in this regard— certainly when it comes to football.

My final point about the effect of the regulations on the gambling industry and high street bookies is that 53,000 people work in the industry and the Association of British Bookmakers tells me that more than 20,000 stand to lose their jobs. I have no reason to disbelieve that, but more conservative estimates put it at 14,000 or 15,000. Although it is right to say that many of these shops are in the most deprived communities and that people with gambling addictions can be from poorer backgrounds, it is also right to say that many of the people who work in those places are from poorer backgrounds, too. I would like to hear from the Minister what support and retraining can be given to people who lose their jobs, and what figures, if any, her Department has on that.

A lot of people conflate racing and gambling. They are not the same, but they have a unique relationship. Horse-racing is the second highest attended sport in the country, and it is worth £3.5 billion to the British economy. As I mentioned, I chair the all-party group on racing and bloodstock industries, and Haydock Park racecourse is in my constituency. A key element of horse-racing's success and the wider public's affection for it is its relationship with betting—having a flutter on the grand national is a national institution. Having a bet on the horses is a national pastime.

It is justifiable to ask those who campaigned for a stake reduction or the eradication of these machines what their attitude is to other forms of gambling. I fear that some of the discourse we have heard is a Trojan horse intended to get rid of gambling altogether. Clearly, that would be hugely detrimental to horse-racing and many other sports, too. The deep connections between racing and betting mean that changes such as this change to stakes may have unintended consequences for British racing—the British Horseracing Authority estimates that it may have a £50 million impact on its annual income.

It is worth saying, for the uninitiated, that racing and gambling have been at loggerheads over issues such as the levy for many years. Racing does not come at this issue as a cheerleader for the gambling industry. It will support the industry when it benefits and develops horse-racing, but it certainly will not turn a blind eye to problem gambling or act as a cheerleader for the industry without caveat. I think I speak on behalf of British racing when I say that it supports the ambitions of the Government and everyone across the House to tackle problem gambling, but there are significant concerns about the impact of these changes. That is not just because today one of the major racecourse owners announced a reduction in prizes for 3,000 races—some of its courses are small ones that may have become unviable—but because the money the sport receives from media rights and from betting shops through the horse-racing levy is used to fund equine welfare advancements, support for participants, including stable staff, and work on integrity in the sport.

The Government provided clear assurances to British racing. The Department's letter to the British Horseracing Authority stated:

“We understand that the Government's decision on Fixed Odds Betting Terminals is not at all straightforward for the horseracing industry, and we want to work very closely with you to mitigate any risks.”

It also mentioned the establishment of a forum to bring together betting and racing. I wonder whether the Minister has any comments to make about progress on setting that up.

I was provided directly with an assurance by the Minister's predecessor, to whom I pay tribute for her work on a range of issues, but particularly for her support for horse-racing. She told me on the day of the announcement that the Government “continue to support horseracing first and foremost”.

Now we are four months from the changes being enacted, will the Minister provide an update on the discussions she and her colleagues are having with British racing on mitigating the impact of the changes? What are their plans to ensure that the racing industry is not damaged by the changes? I speak unashamedly in strong support of British horse-racing because of the economic contribution it makes, its value in our society and the racecourse in my constituency. I will continue to do so.

Let me end by saying this. It might be an old-fashioned attitude, but I believe that at the end of the week, a working-class man or woman deserves a pint if they want one, should be able to have a bet on the Lotto, the gee-gees or the football, and can, if they want, have a fish supper. All I would say is that we need to be careful that paternalistic conservatism and patrician socialism do not become too deterministic in their view of working-class people or too dictatorial in telling working-class people how to spend their money, sure in the knowledge that protecting people from the worst excesses of pints, gambling or junk food is our duty. It is to let people, provided they pay their taxes, spend the money they earn however they want.

6.45 pm

Mims Davies: I thank hon. Members for their contributions in this very important debate and for their support. The debate on B2 machines has brought much consensus about the harm that they can do to individuals and communities. As we heard from the hon. Member for St Helens North, that may obscure the fact that many millions of people in this country enjoy gambling safely and responsibly.

Allow me to turn to some of comments; I am aware there is much consensus in the room but I am happy to respond to questions. I want to make absolutely clear to the hon. Gentleman that we as a Government are not anti-gambling. We want horse-racing to prosper. I have been due to meet the all-party parliamentary racing and bloodstock industries group and I hope that meeting comes soon. It is right that we should be socially responsible and act when there is evidence of harm. I understand the concerns about the racing industry. If it becomes apparent in the gambling review that stake limits cause significant market changes, we committed to consider bringing forward the timing of the review of any levy arrangements. We can continue to converse about that.

Hon. Members asked why the Government reduced the £30 limit to £2. As I said in my opening remarks, the Gambling Commission advised that stake limits should be reduced to between £2 and £30, with a further decrease being a matter for the Government. Having considered all the evidence, the Government concluded that £2 was the most likely figure at which the greatest percentage of problem gamblers—the most vulnerable—

[Mims Davies]

would be most protected. If the figure remained higher—£5 or £10—the high session losses would continue. We will continue to monitor the impact of that on horse-racing.

On the comments about the Association of British Bookmakers, it shared estimates with us, which we looked at closely, but there is considerable uncertainty about the figures. Some operators have told us that they will not make many redundancies off the back of this move. They have had between nine and 12 months to prepare. I hope that allays the concerns that we are not looking at the industry as a whole.

I thank the hon. Member for Tooting for her kind remarks; she said that this is a meaningful gambling reform. I have met the charities Gambling with Lives and GambleAware in the last month. I note her concerns about the compulsory levy, the issue of radio, and credit card spending. I held a tech and gambling roundtable with the Digital Minister, with all industry experts, including banks, to ensure that as we act to make this a responsible industry, we listen to all the experts. I am very keen to keep that conversation going. The hon. Lady rightly asked why this took so long; the Government are committed to evidence-based decisions. They will continue to make appropriate reviews of all evidence before making decisions. There is a lot in this space and it is right that we consider all the evidence.

On credit cards, the Gambling Commission is looking at many issues outlined in the gambling review. That includes affordability checks, age verification and perhaps the use of debit cards. That was also raised in the tech roundtable and we are looking at it all. We need to have an open conversation about what responsible gambling looks like, in order to identify harm. In this role, I recognise that there is not a clear definition between what is responsible, enjoyable and fun and what is a problem. All that needs to be looked at.

The hon. Lady raised loot boxes. We are aware of concerns that they could encourage gambling-like behaviour. We will continue to look very closely at any evidence. We are committed—I am committed—to ensuring that children's vulnerability and inexperience are not exploited by aggressive commercial practices. I welcome the fact that the gambling industry is looking at labelling for games and will look at warning opportunities for in-app purchases. The Gambling Commission is looking at reviewing how we can continue to strengthen that age verification and address the deposit issues, and I have made some suggestions. I have been working with the Secretary of State and there will be further announcements.

I welcome the kind remarks from the hon. Member for Glasgow East about my predecessor, and note his comments and concerns about scratchcards. As we look at the fourth licence for the national lottery, which will commence next year, we should look at the issue of sales in deprived areas and also look at the issue of 16 and 17-year-olds. We have seen no evidence on that question, but decisions will be made next year on the start of the fourth licence. While the distribution is done by arm's length distributors, I have already raised

the question with Camelot and distributors, and I am confident that the Government are rightly looking at that particular area.

My hon. Friend the Member for South West Bedfordshire mentioned the lives lost to gambling addiction—a great shame and a terrible tragedy. Last week I met the charity Gambling with Lives and I look forward to continuing to work closely with it on that important issue. I have spoken to the charity about how we can talk about responsible gambling and ensure that we speak to our youngsters about what they may come into contact with. I am also delighted that there is a Minister for Suicide Prevention in the Department of Health and Social Care and I am committed to working with her. I believe that, alongside her Department and the Department for Education, we can all do better in pursuing a socially responsible industry, one that thrives but also works with Government, so that we act when we need to protect.

As I said earlier, the publication of the gambling review did not mark the end of Government action. We will always act where there is evidence of harm and we will keep issues under review. We have a strong industry regulator with a core responsibility to license and regulate gambling, to keep it fair, safe and free from crime. We will also work with colleagues from other Departments to improve the links between gambling treatment and other services. If I were not here today taking this legislation through, I would have been with the Gambling Commission in Birmingham.

We must achieve the right balance. We must be able to work with operators to make early interventions before harm occurs. I want to see rapid and continued progress in that area. We can use tech for good. Achieving the balance between industry growth and socially responsible business must be a joint effort, with central Government, regulators, local councillors, gambling companies, campaign groups, charities and finally individuals all playing their part.

As we have discussed, the B2 gaming machines are an outlier in the world of high street gambling because of the speed with which so much money can be lost. There has been extensive support in the responses to the Government's consultation for a significant reduction in the B2 stakes; many hon. Members rightly came in to support the Government's decision in May, and I am delighted with the support we have had today. By reducing the B2 stakes to £2 we can help to reduce gambling-related harm and prevent extreme losses by those who can least afford it. This is an important change and we have a chance to make a real difference in the lives of our vulnerable people and constituents. I commend these regulations to the Committee.

Question put and agreed to.

Resolved,

That the Committee has considered the draft Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018.

6.54 pm

Committee rose.

