


Councils are almost powerless to prevent the spread of betting shops on local high streets

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The London Borough of Newham recently failed in its attempt to block a new betting shop from opening.

Richard Berry looks at the charges against betting shops, particularly the strongest of these objections and the one that is least used by detractors; that betting shop clusters have a negative impact on local economies. *The simplest and best solution is to give local authorities much greater autonomy than they have at present to decide what is appropriate for their own areas.*



Thames Magistrates' Court recently dealt a serious blow to the government's localism agenda. The bookmaker Paddy Power appealed in June against a decision by the London Borough of Newham to refuse a premises license for a new betting shop in East Ham. The [judgement](#) went in favour of Paddy Power, disappointing campaigners and other councils eager to prevent the growing clusters of betting shops throughout the country.

Betting shops have become the object of multiple lines of attack in recent years. Most opposition focuses on the problem of gambling addiction. Labour MP Barry Sheerman, [writing for this blog in May](#), suggested that the growing availability of casino-style gaming machines – known as fixed odds betting terminals (FOBTs) – risked “*damaging more lives and destroying more families*”. The gaming machines are also the main target for the [Campaign for Fairer Gambling](#), which has [mapped](#) their prevalence in every community in Britain. The government is not immune to these concerns: earlier this year the Department for Culture, Media and Sport [consulted](#) on changes to maximum stakes and prizes in gaming machines; although no reduction for Fixed Odds Betting Terminals was proposed, there was a call for further evidence on their possible harmful effect.

A second objection to betting shops is based on the largely [anecdotal evidence](#) that betting shops attract anti-social behaviour. This is heightened by the now familiar image of groups of men loitering outside shops. Indeed, Newham's decision to refuse Paddy Power's license was based on the likelihood of crime and disorder; they lost in court because the judge believed the evidence for a link [was not strong enough](#).

A third objection concerns negative impact of betting shop clusters on local economies. In fact this is the strongest of the charges against betting shops, but it is cited less frequently by their detractors. At a time when high street vacancy is [running at 14%](#), it may seem churlish to argue that an empty shop is preferable to a betting shop. The [Association of British Bookmakers](#) (ABB) is also very bullish about the positive economic effect of betting shops, and fairly persuasive in its statistics: a recent [report](#) compiled for the ABB by Deloitte found that there were 35,000 full-time equivalent jobs in retail betting, and the sector contributes £1.8 billion to the economy in direct Gross Value Added (GVA).

The ABB figures consider the betting shop sector in its most flattering pose, that is, in isolation from the local economies in which they are situated. The counter-argument is that a high concentration of betting shops in any area has a detrimental effect on the surrounding businesses, in a number of ways. The chief executive of Ealing Broadway Business Improvement District – a private sector membership body promoting the local economy – has [argued](#) that an over-concentration of betting shops drives down the value of a high street because other potential shop tenants do not want to be located near them.

Then there is the simple effect of reduced diversity, which makes high streets less appealing to potential visitors. Although it might be argued that a concentration of vacant units has the same impact, framing this choice as one between betting shops and empty shops is misleading. The financial clout enjoyed by major bookmakers means

they can offer high rents to landlords who might otherwise have been persuaded to reduce their asking price by other, less well-endowed tenants.

The evidence that betting shops have grown in concentration is clear, but not straightforward. There has been a fall in the total number of betting shops in Britain recently: [the ABB says](#) from 16,000 in the 1970s to 8,700 today. This figure masks a second trend, in which betting shops have shifted toward more prominent locations. The London Assembly [recently found](#), for instance, that the number of betting shops in the capital's town centres had increased by 13% in the three years 2010 to 2012, while falling slightly outside of town centres. The back-street bookie has disappeared while national chains have been colonising high streets.

Ultimately, landlords have the power to prevent the spread of betting shops by renting their properties to other businesses. But it seems very few want to exercise this power. Fragmentation in the property market is a factor. Most high streets are owned by multitude of different landlords: Hackney's Chatsworth Road, for example, has [80 shop units and 60 landlords](#). Individual owners clearly have a stake in the long-term success of high street, but they and their property agents are less likely to take this into account when needing to generate as much as income as possible from the single unit they are responsible for. Where the high street is under the ownership of a single organisation, the landlord can act strategically to ensure a diverse offer. Take London's new Westfield shopping centre in Stratford, east London: [only one out of 330 units](#) is a betting shop. In Stratford town centre, directly adjacent to Westfield, there are a third fewer units but six times as many betting shops.

Failing a collective epiphany by landlords, other solutions need to be considered. The simplest and best is to give local authorities much greater autonomy to decide what is appropriate for their own areas. At present, councils' options for controlling the number of betting shops are extremely limited. The gambling licensing system provides a theoretical opportunity for councils to prevent betting shops from opening, although Paddy Power's victory over Newham illustrates how difficult it can be to deny a bookmaker a license.

Councils should be able to use the planning system for this purpose, but regulation curtails local decision-making in unhelpful ways. Betting shops are included in the A2 planning class, for 'financial and professional services'; this places them, perversely, in the same category as banks, building societies, estate agents and employment agencies. Whenever one of these businesses closes, therefore, a betting shop can take over the premises without requiring planning permission. Furthermore, changes from A3 (restaurants and cafes), A4 (pubs) or A5 (fast food takeaways) to A2 are also allowed without planning permission. The government has taken this approach further still, with [new rules](#) allowing betting shops to be opened in almost every other type of high street premise without requiring planning permission for two years.

Another theoretical power available to local authorities is to issue an 'Article 4 direction', under the Town and Country Planning (General Permitted Development) Order 1995. These directions remove the permitted development rights – as set out above – that bookmakers might otherwise enjoy, and require them to seek planning permission. But issuing an Article 4 direction is fraught with risk. A direction must be justified according to strict criteria, can be overturned by the Secretary of State for Communities and Local Government, and is likely to be subject to legal challenge. Councils may also be liable to pay compensation to those whose development rights are affected.

With its promise of a ["relentless focus on growth"](#), it is not hard to understand why the government might refuse to place new restrictions on any industry with the expansion plans that bookmakers have. But to think this way assumes that localism is at odds with economic development – a strange sentiment, and misguided. The opening of a new betting shop may spark some immediate economic and fiscal gains, but many councils have clearly concluded that allowing ever greater concentrations will impede longer-term growth locally, and arguably they are better-placed than Whitehall to make that judgement.

Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

About the Author

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