

Clerk to the Local Government and Regeneration Committee
Committee Office
Room T3.40
Scottish Parliament
Edinburgh
EH99 1SP

25 August 2015

Dear Committee Members

WILLIAM HILL'S RESPONSE TO A CALL FOR EVIDENCE BY THE LOCAL AUTHORITY AND REGENERATION COMMITTEE

William Hill is pleased to respond to this call for evidence

Digital gaming machines are a product of the 21st Century. Whilst we have seen steady gaming machine growth over the past few years, we have seen the decline in traditional over the counter revenues. Scottish betting shops are not becoming more profitable on the back of the gaming machine product. Rather, there is a changing pattern of customer behaviour due to a preference for digital products with betting shops profits overall (over the counter/gaming machine combined) remaining stable over the last number of years.

They are a popular product with our customers (accounting for 40% of revenue in Scotland). Although the gaming machine product is not as profitable overall as traditional over-the-counter products in Scotland, we estimate that removal of the B2 product in its entirety would result in around 25% of all betting shops closing and a significant impact on direct and indirect employment. Many shops in Scotland (particularly independent shops) have very low profitability of under £25,000. Last year we closed a tail of unprofitable shops in Scotland. For many other betting shops, gaming machines make the difference between profit and loss and the industry cannot afford the removal of a popular product from its portfolio.

There are a number of misconceptions about our industry. One of these is that there has been a significant growth in the number of Scottish betting shops to facilitate gaming machine growth. Whilst there has been some modest growth in shop numbers due to market liberalisation (see page 6 of our submission) the economics of Scottish betting shops means that they are opened, closed and re-sited on the basis of much wider considerations than gaming machine demand. William Hill shop numbers in Scotland have shown net growth between 2007 and 2015¹ from 303 to 310 ; this is hardly a significant level of growth.

A number of individuals have strong opinions about betting shops, but we would caution the Committee against giving weight to submissions which use emotive language or make bald statements about social harm. We are concerned that others will urge the Committee to jump the evidential gap and move straight to recommending more regulation. We expect the industry to be held to a high evidential standard, but we also believe the same exacting standards should be required of others submitting consultation responses.

We would encourage the Committee to gather factual evidence about the true impact of betting shops in communities from each Scottish Local Authority area and would respectfully suggest the following data should be gathered:

- The number of betting premises within the authority area as at (insert date).
- How many new betting premises licences have been issued in the last five years
- How many of these applications were accompanied by representations objecting to the grant
- How betting premises licences have been surrendered in the last five years
- The net increase/decrease in betting premises in the last five years
- How many reviews carried out on betting premise licences in the last five years
- The average number of public complaints received per annum about betting premises over the past five years (or a yearly breakdown)

We believe that such an exercise would show that the factual evidence would not support a call for increased levels of regulation. The imposition of further restrictions on betting shops would create disproportionate regulatory burdens and lead to numerous contentious hearings that could create significant legal costs for public authorities and operators alike.

The introduction in our consultation response outlines our views on the questions posed and this is underpinned by evidence in the main body of the report and a number of key objective facts and statistics set out in the Appendix.

Yours sincerely



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¹ In a previous submission to the Scottish Government on planning we suggested a small reduction in our shop numbers from 314. Reconciliation has identified some double counting of re-sited premises and this reconciliation has now confirmed a modest rise in numbers.