

## **Betting, borrowing and health**

*Health impacts of betting shops and payday loan shops in Southwark*

Southwark Council, London

V2

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## Table of contents

List of figures .....	ii
Abbreviations and acronyms .....	iii
1 Executive summary .....	1
2 Introduction .....	4
2.2 Method .....	4
2.3 Context .....	5
3 Use Classes and Article 4 Directions .....	9
4 Health outcomes associated with gambling and betting shops: literature review .....	12
5 Health outcomes associated with payday loan shops: literature review .....	29
6 Policy context .....	42
6.2 National .....	42
6.3 City-wide .....	44
6.4 Borough .....	46
6.5 Court of Justice for the European Union .....	48
6.6 Conclusion .....	49
7 Mapping and indicators .....	51
8 Appendices .....	53
Appendix A: Planning decisions that have taken health and wellbeing into account .....	54
Appendix B: Case studies of payday loan experiences in Southwark .....	67
Appendix C: Interviewees .....	71
Appendix D: Health information and advice and planning decisions .....	72
Appendix E: Mapping and indicators for Southwark .....	76
9 List of references .....	112



## List of figures

Figure 2-1: Protected Shopping Frontages in Southwark .....	8
Figure 3-1: Examples of A classes Permitted Development changes of use.....	9
Figure 4-1: Diagnostic criteria for “pathological gambling“ according to DSM-IV (e5) and ICD-10 (e1)—a brief comparison.....	15
Figure 4-2: Numerical estimates of people gambling and at harm from gambling in LB Southwark .....	16
Figure 4-3: Estimated contribution of people with gambling problems to takings from different forms of gambling.....	19
Figure 5-1: Financial hardship caused by payday loans I .....	30
Figure 5-2: Financial hardship caused by payday loans II .....	31
Figure 5-3: Results of meta-analysis examining unsecured personal debt and mental and physical health.....	35
Figure 8-1: Location of betting shop related crime 2012-2013 .....	78



## Abbreviations and acronyms

AAP	Area Action Plans
ABB	Association of British Bookkeepers
AFSPs	Alternative Financial Service Providers
APR	Annual Percentage Rate
BHPS	British Household Panel Survey
BMA	British Medical Association
CAB	Citizen's Advice Bureau
CIP	Cumulative Impact Policies
CMD	Common Mental Disorders
CPA	Continuous Payment Authorities
DBP	Diastolic Blood Pressure
DHP	Discretionary Housing Payments
DSM-IV	Diagnostic and Statistical Manual of Mental Disorders, Fourth Edition
EGM	Electronic Gambling Machines
ESA	Employment and Support Allowance
FCA	Financial Conduct Authority
FOBT	Fixed Odd Betting Terminals
GGY	Gross Gambling Yield
ICD	International Classification of Disease
IMD	Index of Multiple Deprivation
JSNA	Joint Strategic Needs Assessments
LHIN	London Health Inequalities Network
LPA	Local Planning Authorities
mmHg	millimetre of mercury
OCD	Obsessive Compulsive Disorder
OFT	Office of Fair Trading
OR	Odds Ratio
OTC	Over-The-Counter
PGSI	Problem Gambling Severity Index
PIP	Personal Independence Payment
REMA	Revised Early Minor Alterations to the London Plan
SF	Social Fund
SPD	Supplementary Planning Document
SSBT	Self Service Betting Terminals





# 1 Executive summary

- 1.1.1 The Government has indicated that local authorities should use Article 4 Directions to control the number of betting shops and payday loan shops. Southwark Council are pioneering the use of Article 4 Directions to increase the control it has over the mix and balance of uses in its most important shopping areas.
- 1.1.2 Southwark Council has implemented Article 4 Directions due to concern in the borough about the proliferation and clustering of betting shops and pay-day loan shops. Part of the reason for implementing the Article 4 Directions relate to concern around the impacts of betting shops and pay-day loan shops on the health and wellbeing of the local population. To this end Southwark Council commissioned Ben Cave Associates Ltd (BCA) to:
- review existing evidence around health and wellbeing impacts;
  - identify a range of local health indicators; and
  - examine the spatial relationship between betting shops and pay-day loan shops and health indicators.
- 1.1.3 Southwark Council set the following objectives for this study:
- an overview of existing literature and evidence from the UK or elsewhere relating to the health impacts of betting shops and payday loan shops;
  - an overview of local policy initiatives relating to betting shops and payday loan shops;
  - an assessment of health, deprivation or other relevant indicators relating to betting shops and payday loan shops;
  - a review of the locations of betting shops and payday loan shops in Southwark and a descriptive analysis of health, deprivation or other relevant indicators in those areas;
  - a summary of current and proposed policies and other local initiatives which would be undermined by increasing the densities of betting shops or payday loan shops in Southwark; and
  - an overview of the way in which planning decisions have taken health impacts of betting shops and payday loan shops into account.
- 1.1.4 We looked at scientific research on the ways in which gambling and debt have been linked to health outcomes. We spoke with experts about the possible health indicator sets that could be used to examine the relationship in Southwark and we analysed maps, provided by LB Southwark, showing the location of betting and pay day loan shops.
- 1.1.5 This is a complex issue. The scientific literature is clear that gambling may be harmful for some but not for everyone and that the credit which is provided by payday loan companies is useful for some but may have harmful consequences for others. The scientific literature indicates that adverse effects manifest themselves at the more extreme end of the spectrum in the forms of problem gambling and the accumulation of debt which is unsecured and unmanageable. This is important for public health which seeks to reduce inequalities in health.



- 1.1.6 Harm from gambling is not restricted to those who are problem gamblers: national studies suggest that 7.1% of men and 2.1% women were at risk of harm from their gambling behaviour in the last 12 months. This includes people who are at low and moderate risk of problem gambling. For LB Southwark this equates to 8,970 men and 2,340 women (or approximately 5% of the adult population).
- 1.1.7 Academic reviews suggest that any actions to control the density of facilities, that is the clustering of these facilities within any one area, should not be advanced in isolation but should be part of a comprehensive harm minimisation strategy. The scientific literature which examines the links between gambling and health shows that:
- access to gambling venues increases gambling activity and problem gambling;
  - problem gambling is linked to poor health, low level and severe mental ill health and a co-dependence on alcohol;
  - while occasional responsible sports betting may be mildly positive, the use of multiple forms of betting, particularly Fixed Odds Betting Terminals by younger adults, can be associated with significant harm to health and wellbeing;
  - problem gamblers experience the worst health outcomes and tend to live in deprived areas; and
  - areas of Britain with high densities of gambling machines have greater levels of income deprivation, more economically inactive people and a younger age profile.
- 1.1.8 The scientific literature which examines the links between debt and health shows that:
- unmanageable payday lending is linked to poor mental health via indebtedness and financial exclusion;
  - payday loans are used to bridge payments on spending which is integral to health and wellbeing such as food, child essentials, utility bills and emergency needs however the high interest rates may perpetuate the need to borrow more;
  - there is evidence of irresponsible lending and difficulties for consumers in identifying or comparing the full cost of payday loans;
  - payday lenders flourish where mainstream financial services have withdrawn or do not offer low-value short-term loans to people who are on low incomes or who have poor credit ratings;
  - whilst payday lending may fill a void in community financial services, it does not alleviate economic hardship and it can trap users in a spiral of debt;
  - debt is linked to mental health problems and a co-dependence on drugs and alcohol;
  - the greater the number of debts a person has, the higher their risk of also having a mental disorder;
  - access to payday lenders is an important factor in borrowing behaviour; and
  - payday loan shops may provide a means to avoid more costly bank penalty charges for some people, increasing access to low interest alternatives, such as credit unions is therefore important.
- 1.1.9 The goals of protecting and improving health and wellbeing, of reducing inequalities in health and of developing sustainable communities are noted within national, regional and local planning policies and guidance, which are set out in the report. The report also summarises current and proposed policies and other local initiatives



which would be likely to be undermined by increases in the numbers of people who are problem gamblers or the numbers of people who have unsecured and unmanageable debt.

- 1.1.10 The links between gambling, problem gambling, and accessibility to gambling have been examined in a number of studies. While these relationships are complex, and accessibility is influenced by a wide range of factors, the most common finding has been that regions with relatively high concentrations of gambling facility supply tend to have higher levels of gambling activity amongst the local population. Where electronic gaming machines are readily available, they are more closely associated with problem gambling than any other form of gambling.
- 1.1.11 For payday loan shops the impact of clustering is less clear. Geographic access is known to serve as an instrumental variable for borrowing and people with unmanageable debt or who borrow from multiple sources are more likely to have common mental health disorders. A central element of financial exclusion is access to credit, with consumers' credit needs and credit availability contributing to a concentration of particular credit types in certain communities. A common theme from the literature is that unmanageable debt occurs where people with poor credit histories, low educational achievement, low incomes and existing debt are not able to access low-interest short-term low-value loans. The scientific evidence however stops short of reaching conclusions on whether areas with high concentrations of payday lenders have greater levels of unmanageable debt.
- 1.1.12 A pragmatic approach has been taken in this report to identifying clusters of betting shops and payday loans shops in Southwark. There is no agreed definition of a cluster, however based on having three outlets within 250m there are 8 clusters of betting shops and 4 clusters of payday loan shops. All these clusters were within or partly within protected shop frontages, however not all protected shop frontages have a cluster. All clusters (betting shops and payday loan shops) were associated with: the most deprived areas (including the most health, employment and crime deprived areas); the areas with lowest wellbeing; and broadly with GP surgeries with above average proportions of patients with depression or serious mental health conditions.
- 1.1.13 Southwark Council may wish to show the Article 4 Directions as part of a comprehensive harm minimisation policy and the way in which it is addressing the contextual factors that lead to problem gambling and unmanageable debt. Other factors would be at the individual and the social levels.



## 2 Introduction

2.1.1 Article 4 Directions which seek to reduce the clustering of betting shops, and of payday loan shops, need to be supported by evidence to demonstrate the harmful effects of such clustering.

2.1.2 In this report we describe the method for this study and then consider the context within which Southwark Council are implementing Article 4 Directions. We then look at

- use classes and Article 4 Directions;
- scientific evidence on population health outcomes and the proximity of betting shops and pay day loan shops;
- the policy context for achieving social objectives, including health, through planning;
- a summary of mapping and indicators for Southwark; and
- the references used throughout the report – all citations numbered and provided in brackets throughout the report.

2.1.3 There are appendices to this report:

- Appendix A provides a range of examples of planning decisions for use class changes that have taken into account issues discussed in this report.
- Appendix B provides a series of case studies illustrating the experience of people who have experienced unmanageable debt problems in Southwark.
- Appendix C lists people who were interviewed for this report.
- Appendix D considers a number of ways in which health information and advice contributes to planning decisions.
- Appendix E shows mapping and indicators for Southwark with regard to betting shops and payday loan shops.

## 2.2 Method

2.2.1 On 8<sup>th</sup> October 2013 Southwark Council Planning Committee approved the immediate implementation of two Article 4 Directions to withdraw the permitted development for changes of use in Southwark's Protected Shopping Frontages. The Directions came into force on 17<sup>th</sup> October 2013 (1). Ben Cave Associates Ltd was commissioned to provide this report in January 2014.

2.2.2 This report summarises evidence on the health impacts associated with the clustering of betting shops and payday loan shops in the context of Article 4 Directions. Whilst the report aims to provide a balanced view, constraints of time and resources mean that it has not been possible to review all evidence sources. This report does not purport to make the case either for or against the use of Article 4 Directions in general or in this specific case. The objectives of this report are to:

- review existing evidence around health and wellbeing impacts;
- identify a range of local health indicators; and
- examine the spatial relationship between betting shops and pay-day loan shops and health indicators.



2.2.3 We also include a preliminary consideration of the role which health could play in the subsequent determination of planning applications.

2.2.4 These objectives have been met through the following activities:

- an overview of existing literature and evidence from the UK or elsewhere relating to the health impacts of betting shops and payday loan shops;
- an overview of local policy initiatives relating to betting shops and payday loan shops;
- an assessment of health, deprivation or other relevant indicators relating to betting shops and payday loan shops;
- a review of the locations of betting shops and payday loan shops in Southwark and a descriptive analysis of health, deprivation or other relevant indicators in those areas;
- a summary of current and proposed policies and other local initiatives which would be undermined by increasing the densities of betting shops or payday loan shops in Southwark; and
- an overview of the way in which planning decisions have taken health impacts of betting shops and payday loan shops into account.

2.2.5 This has been a desk-based review. It has been supplemented with some interviews. Interviewees are listed in Appendix C on page 71.

2.2.6 The review summarises the scientific evidence for health impacts associated with gambling and with debt, as well as the evidence that geographical distribution, accessibility or proximity of venues affects levels of gambling or debt. Particular consideration is given to vulnerable groups as in both cases the worst health outcomes are generally concentrated in a relatively small at risk population.

2.2.7 The scientific literature in this review is drawn from a broad range of international studies in 'western style' countries (such as the US, Australia, New Zealand, Canada and European countries, as well as the UK). Although the evidence from the UK is more limited, the national studies stand alongside the international evidence.

2.2.8 A qualitative analysis of mapping provided by Southwark Council has been undertaken. This analysis has not used statistical or quantitative methods and is therefore subjective in nature. The aim has been to identify broad trends. No assessment has been made of significance or causation.

## 2.3 Context

2.3.1 The London Borough of Southwark's planning policies seek to maintain a network of successful town centres and shopping frontages which have a range of shops, services and facilities to help meet the needs of Southwark's population. Southwark Council has recently become concerned with the proliferation of betting shops and payday loan shops on the borough's high streets.

2.3.2 Local authorities' ability to manage the balance of uses on the high street and proliferation of individual uses is constrained by the Town and Country Planning General Permitted Development Order 1995 (as amended) (2). The Order allows a certain changes of use without the need to apply for planning permission.



- 2.3.3 An Article 4 Direction can be used to remove such permitted development rights in a local authority's area. This means that a planning application for the proposal would then need to be submitted. The subsequent planning applications would be determined in accordance with the development plan. In Southwark's case, the development plan includes the London Plan, the Core Strategy, saved policies in the Southwark Plan and adopted Area Action Plans. The ruling in the case of: *R. (on the application of Copeland) v Tower Hamlets LBC [2010] (3)* in the High Court found that health was also capable of being a material consideration in such planning determinations.
- 2.3.4 The National Planning Policy Framework (NPPF) advises that the use of Article 4 Directions to remove permitted development rights should be limited to situations where it is necessary to protect local amenity or the wellbeing of the area (4, paragraph 200). Further guidance on the use of Article 4 Directions is set out in Replacement Appendix D to DoE Circular 9/95: General Development Consolidation Order 1995 (5). This states that an Article 4 direction would be appropriate only in those exceptional circumstances where evidence suggests that the exercise of permitted development rights would harm local amenity or the proper planning of the area. This includes consideration of whether permitted development rights undermine local objectives to create or maintain mixed communities. Paragraph 2.2 requires that local planning authorities clearly identify the potential harm that the direction is intended to address.
- 2.3.5 The test to establish exceptional circumstances can be summarised as follows:
- Is there evidence that the exercise of permitted development rights would harm local amenity, wellbeing or the proper planning of the area?
  - Are there local objectives to create or maintain mixed communities that would be undermined by exercise of permitted development rights?
- 2.3.6 This report clearly links health to local amenity and wellbeing using the World Health Organization's (WHO) definition of health (6). That definition states that health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity. Factors that affect health are called the 'determinants of health'. The WHO explains that the context of people's lives determines their health. Many factors combine together to affect the health of individuals and communities. Whether people are healthy or not, is determined by their circumstances and environment. To a large extent, factors such as where we live, the state of our environment, our income and education level, and our relationships with friends and family all have considerable impacts on health (7).
- 2.3.7 This report considers how individuals' health within a community can be affected, not only by displacement of health supporting amenities (e.g. choices for affordable health food, or streets and town centres that encourage walking and cycling trips); but also by how gambling and high interest payday loans can affect wellbeing through reduced mental health and increased financial exclusion.
- 2.3.8 Southwark Council's Overview and Scrutiny Committee (OSC) recently stated that too many of Southwark's high streets are seeing an increase in betting shops and payday lenders which prey on people on low incomes and prevent other local businesses

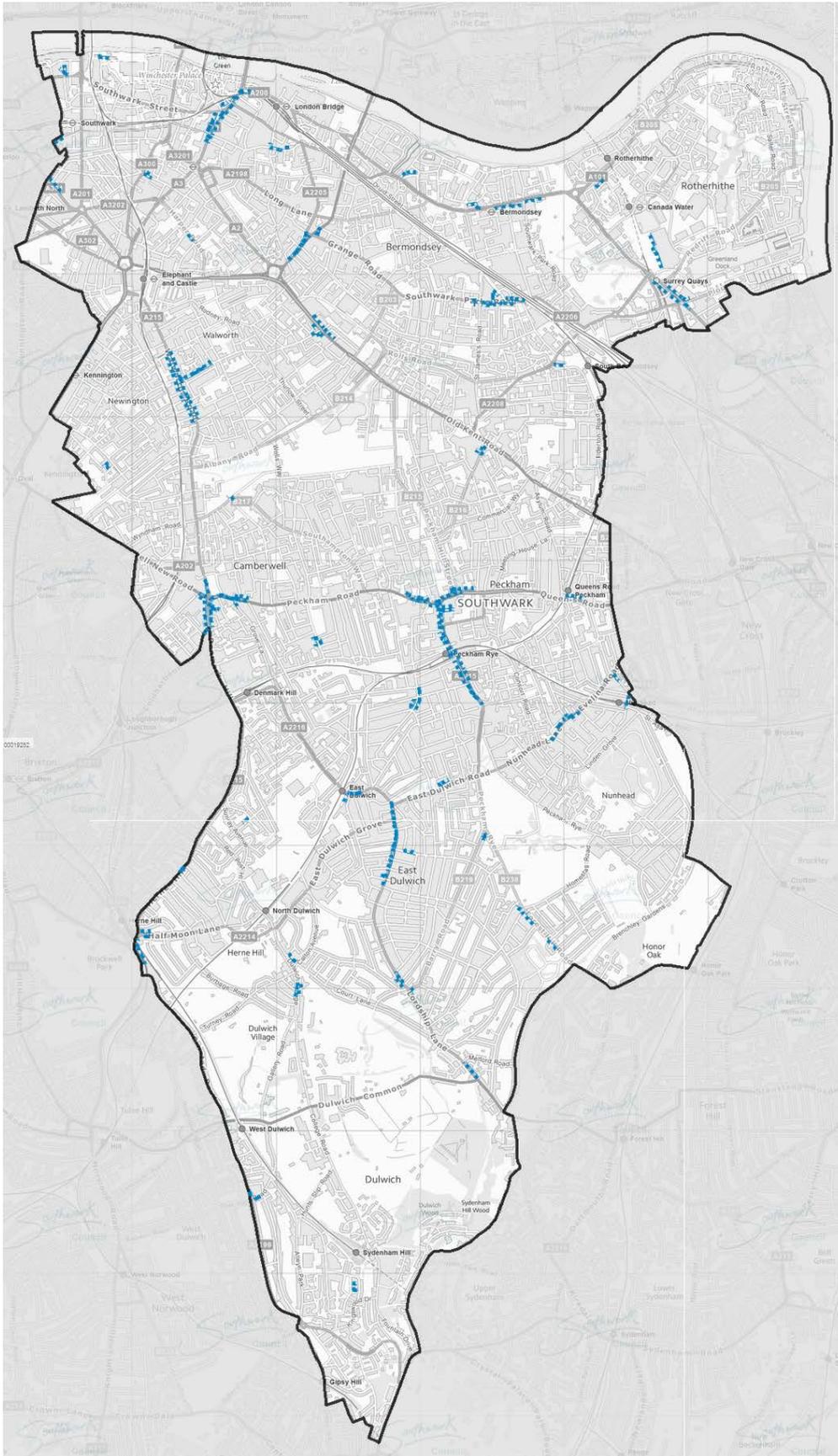


from flourishing. The OSC recommended that Southwark Cabinet's general approach to preventing saturation by betting shops and payday loan shops should be assertive and robust and as pro-active as the law allows (8).

- 2.3.9 Southwark Council's decision to protect certain areas of the borough is due to concern not over the number of betting shops and payday loan shops in Southwark, but the clustering of these uses in key areas that determine the amenity and wellbeing of the most deprived communities.
- 2.3.10 Protected shopping frontages contain a high proportion of retail uses, including food, drinks, clothing and household goods. In the light of the importance given to protected shopping frontages by planning policy and the fact that it is these areas which are most affected, Southwark Council considered that protected shopping frontages should be the relevant area for a withdrawal of permitted development rights (8).
- 2.3.11 Figure 2-1 shows the location of protected shopping frontages in Southwark that are subject to the Article 4 Direction which came into force on 17<sup>th</sup> October 2013.



Figure 2-1: Protected Shopping Frontages in Southwark



From Southwark Council (1)



## 3 Use Classes and Article 4 Directions

3.1.1 Local planning authorities are responsible for setting a vision and a framework for the long term development strategy of an area. This role requires them to mediate between different interests and make decisions in the wider public interest to deliver sustainable development that meets local needs and national priorities.

3.1.2 By placing applications for change of use of premises within the context of the Southwark Plan, the local authority has made the case that a betting shop or payday loan shop would both result in the loss of a valuable retail unit to the detriment of the town centre frontage, and harm the vitality and viability of the centre. However such a case can only be made where there is an application for a change of use. In many cases shifting between *use classes*<sup>1</sup> does not require planning permission (9). Figure 3-1 sets out some examples.

Figure 3-1: Examples of A classes Permitted Development changes of use

Lawful Use	Example of use	Permitted Development change
A1 Shops	General retail, hairdressers, travel agents, post offices, dry cleaners, sandwich bars, supermarkets, discount stores, charity shops	Within A1
A2 Financial and professional services	Banks, building societies, estate agents, <b>betting shops</b> , pawnbrokers, <b>payday loan shops</b>	Within A2, or to A1
A3 Restaurants and cafés	Units selling food and drink for consumption on the premises	Within A3, or to A1, A2
A4 Drinking establishments	Public houses and wine bars, but not including night clubs	Within A4, or to A1, A2, A3
A5 Hot food takeaways	Units selling hot food for consumption off the premises	Within A5, or to A1, A2, A3

Source GLA (10) from (9)

- For betting shops: betting offices are in ‘use class’ A2 (financial and professional services) (9). Change from: banks, building societies or estate agents (A2); restaurants or cafes (A3); drinking establishments (A4); or hot food takeaways (A5); to a betting shop will generally not require planning permission. Changes from shop uses (A1) to a betting shop will generally require planning permission. Consequently there is currently a reasonable degree of freedom for companies to open betting shops without reference to the local planning authority.

<sup>1</sup> Use Classes are defined under The Town and Country Planning (Use Classes) Order 1987 (9)



- For financial services: money lenders are likely to also fall within 'use class' A2 (financial and professional services) (9). The same freedoms would therefore apply to them as do to betting offices.
- 3.1.3 The lack of distinction in the A2 use class between *uses* generally considered to be the normal range of services found within a town centre (e.g. banks and building societies) and *uses* less beneficial to the function of a town centre (e.g. betting shops and payday loan shops), has the potential to weaken the function of centres and reduce the council's ability to effectively balance land uses and provide for an appropriate level of diversification.
- 3.1.4 In 2013, the Government made changes to the General Permitted Development Order to (11):
- get empty town centre buildings back into use;
  - create opportunities for new and start-up businesses; and
  - help retain the viability and vitality of town centres.
- 3.1.5 The changes introduce flexible use of high street premises to convert temporarily (from A1, A2 A3, A4, A5, B1, D1 and D2) without the need for planning permission to alternative uses including financial and professional services (A2) for a single continuous period of 2 years from the date the first flexible use commences. These changes place further limits on the local planning authority's ability to control the clustering of betting shops and payday loan shops.
- 3.1.6 A report by Harriet Harman MP (12) highlighted that an unintended consequence of the Gambling Act 2005 has been a dramatic proliferation of betting shops and a clear clustering of these shops in high street locations in deprived areas (Southwark is specifically mentioned).
- 3.1.7 The 2011 'Portas Review' (13) into the future of high streets states:  
*... the influx of betting shops, often in more deprived areas, is blighting our high streets. Circumventing legislation which prohibits the number of betting machines in a single bookmakers, I understand many are now simply opening another unit just doors down. This has led to a proliferation of betting shops often in low-income areas.*
- 3.1.8 The review recommended putting betting shops into a separate 'Use Class' of their own (*sui generis*) to allow greater regulation by local authorities. In the Governments response to the Portas Review, the use of an Article 4 Direction was highlighted as the appropriate tool for controlling certain uses such as betting shops, by removing permitted development rights, and requiring a planning application to be made.
- 3.1.9 A policy review by the Labour party (14) reports that, nationally:
- 76% of people support Government giving new powers to local councils to help them shape the High Street in line with the wishes of the community;
  - 68% of people do not think that it should be possible for a bank to be turned into a betting shop without planning permission; and
  - 63% of people support the Government giving new powers to local councils to help them prevent clustering of premises.



- 3.1.10 The Greater London Authority report on empty shops on London's high streets identifies the over-concentration of betting shops and payday loan shops as makes high streets less appealing to visitors (10). The report states that addressing such clustering by allowing boroughs to use planning powers to restrict the spread of betting shops and payday loan shops can boost the performance of the high street in the medium to long-term by increasing footfall and reducing vacancy levels. Although the use of Article 4 Directions is discussed, the Committee heard evidence that Article 4 directions are very expensive to apply and there is a strong risk they can be overturned following legal challenge. The review concludes that the most effective approach would be for the Government to amend the Town and Country Planning (Use Classes) Order 1987 to establish that betting shops and payday loan shops are considered *sui generis* for planning purposes, and therefore always require specific planning permission.
- 3.1.11 In 2011 such a Bill was placed before parliament to give betting offices their own separate 'use class' category (*sui generis*) (15). However the Bill did not complete its passage through Parliament before the end of the session. This means the Bill will make no further progress.
- 3.1.12 In January 2014 the Planning Minister, Nick Boles MP, confirmed that there are no current proposals to make any change to permitted development rights in regard to betting shops (16). The Minister went on to state that the London borough of Southwark and the London borough of Barking and Dagenham are using Article 4 powers in exactly the way the Government intended. The Minister also stated that Betting shops are significant local employers and can make a significant contribution to the local economy, but it is also right that local authorities can look at local conditions and apply an Article 4 Direction where they feel that local impacts merit it.
- 3.1.13 It would seem that until the effectiveness of Article 4 Directions are tested, the Government will not reconsider amending the Town and Country Planning (Use Classes) Order 1987 to establish that betting shops and payday loan shops are *sui generis*. Southwark Council's decision to pioneer the use of Article 4 Directions is therefore significant whether it is successful or not.
- 3.1.14 This section ends with a note of caution that in imposing an Article 4 Direction, the Council would not be able to single out a particular use such as a betting shop or payday loan shop within the A2 use class. The Direction would need to apply to all uses within the A2 use class, so a change of use to a bank for example would also require planning permission. The use of an Article 4 Direction therefore carries the potential risk that the additional planning requirements may deter alternative mainstream financial services that could benefit these communities.



## 4 Health outcomes associated with gambling and betting shops: literature review

### Introduction

4.1.1 In this review we present the evidence for the health effects of gambling and the use of betting shops. We identify overlaps between the following factors:

- access to gambling and problem gambling;
- problem gambling and health;
- problem gambling and social deprivation; and
- clustering of betting shops and social deprivation.

4.1.2 While the scientific evidence does not show a direct causal link between the clustering of betting shops and adverse health outcomes it does indicate that gambling raises issues that affect vulnerable people in the population.

4.1.3 Whilst the evidence is strong for gambling venues in general, there is only limited evidence that addresses 'betting shops' specifically. Much of the evidence base concerns casinos and slot machines, games characterised by the participant's skill or pure chance. Betting shops used to be solely associated with gambling on the outcome of sporting fixtures although as we shall see the introduction of Fixed Odds Betting Terminals (FOBTs) into betting shops is changing this situation.

4.1.4 The evidence for the effects of gambling on health comes from different countries each with its own regulatory system and it is thus important to carefully consider how this information applies to people living and working in LB Southwark. After describing the current context we examine the following aspects of gambling:

- problem gambling;
- types of gambling;
- health outcomes;
- proximity;
- links to demographic and socioeconomic characteristics;
- young people; and
- links between gambling and debt.

### Context

4.1.5 Prevalence studies have shown increasing gambling rates among adults (17). There are several factors that appear to be motivating this growth in gambling activities:

- the desire of governments to identify sources of revenue without invoking new or higher taxes;
- tourism entrepreneurs developing new destinations for entertainment and leisure; and



- the rise of new technologies and forms of gambling.
- 4.1.6 The British Medical Association (BMA) Board of Science have recognised that the introduction of Gambling Act (18) may have had important implications for public health through changing patterns of gambling and hence rates of problem gambling (19).
- 4.1.7 To replace the British Gambling Prevalence Survey, the Gambling Commission commissioned a chapter in the 2012 Health Survey for England (20). The survey found that overall, 68% of men and 61% of women (aged 16 and over) participated in some form of gambling in the past year. Due to methodological differences these rates are not comparable to previous findings by the British Gambling Prevalence Survey. However the final British Gambling Prevalence Survey (21) did report an increasing trend in both overall gambling and problem gambling between 2007 and 2010.
- 4.1.8 Betting shops offer over-the-counter (OTC) sports betting (predominantly horse racing, greyhound racing and football) as well as electronic gambling machines. FOBT are electronic gambling machines (EGM) that have been widely available in betting shops for almost 10 years. The machines allow a maximum stake of £100 to be placed per play, with potential winnings of up to £500. This method of high-street gambling allows large sums of money to be lost in a very short amount of time. Originally when first introduced there were no limits on the number of machines that a bookmaker could make available in a shop. However, the Association of British Bookmakers (ABB) voluntary Code of Conduct was agreed with the Government in 2003 limiting the number of machines to four per shop; that was universally adhered to, and this number was then enshrined in the Gambling Act (18). The restriction of four FOBT per shop has been cited as a reason for betting shops opening new venues within the same shop frontage in order to increase the availability of this profitable type of gambling (13).
- 4.1.9 A 2012 report by Gambling Data showed that as OTC revenues in betting shops have declined and machine revenues have grown, gambling machine revenues are now close to equalling OTC revenues (22). Analysts believe that innovative next generation machines can drive further growth. The decline in OTC has been attributed to factors including
- competition from FOBTs and online gaming;
  - an ageing customer base (FOBT users tend to be younger players); and
  - the deterioration of the high street.
- 4.1.10 The report finds that although approximately four times more customers use OTC betting, those customers using machines lose approximately four times more money over the year (22). A survey conducted by SPA Research of William Hill customers in 2010 showed that a third of customers thought location was the most important aspect of why they bet in shops (23).
- 4.1.11 Despite concerns raised during consultation about the harm caused by electronic gambling machines, the Government recently decided not to proceed with a reduction in stakes or prizes on FOBTs (24). However the Government notes that the future of these machines is unresolved pending further work which is underway (25).



The Association of British Bookmakers has issued a code for responsible gambling and player protection (26): this focusses on improving informed choice and self-help strategies for customers. This includes voluntary and mandatory time and money based reminders. Alerts will display on screen when a customer has staked £250 and/or when they have been playing for 30 minutes. The software was installed on all machines by the end of February 2014.

## Problem gambling

- 4.1.12 'Problem gambling' (also known as pathological gambling or compulsive gambling) refers to patterns of gambling behaviour that compromise, disrupt or damage health, personal, family or vocational pursuits (27). The individual gambler is most likely to feel the most severe effects, but these can impact on close family members, friends and workplace colleagues. The gambling process can often take priority over other commitments and everyday routines, and where the gambling is sustained over many hours, the gambler will neglect eating and sleeping, resulting in poor physical health (28).
- 4.1.13 Whilst problem gambling is generally viewed as a continuum (29), in its most extreme form it has been viewed as an addiction, and hence it has been medicalised (see Figure 4-1). Pathological gambling is included recognised as an official psychiatric disorder (listed, in the International Classification of Diseases coding, under Disorders of impulse control). A substantial body of the current research into problem gambling follows the medical model, based within the discipline of psychology. Research from Norway supports the view that gambling disorders are an addictive behaviour (30).
- 4.1.14 Psychosocial difficulties associated with problem gambling include
- poor perceived familial and peer social support;
  - substance use problems;
  - conduct problems;
  - family problems; and
  - parental involvement in gambling and substance use.
- 4.1.15 A set of predictor variables that may lead to problem gambling includes (31):
- having family problems;
  - having conduct problems;
  - being addicted to drugs or alcohol; and
  - being male.



Figure 4-1: Diagnostic criteria for “pathological gambling” according to DSM-IV (e5) and ICD-10 (e1)—a brief comparison

DSM-IV Pathological gambling (312.31)	ICD-10 Pathological gambling (F63.0)
<i>Diagnostic criteria</i>	
<p>Persistent and recurrent maladaptive gambling behaviour as indicated by five (or more) of the following:</p> <ol style="list-style-type: none"> <li>1. Is preoccupied with gambling</li> <li>2. Needs to gamble with increasing amounts of money</li> <li>3. Has repeated unsuccessful efforts to control, cut back, or stop gambling</li> <li>4. Is restless or irritable when attempting to cut down or stop gambling</li> <li>5. Gambles as a way of escaping from problems or of relieving a dysphoric mood</li> <li>6. After losing money gambling, often returns another day to get even (“chasing” one’s losses)</li> <li>7. Lies to conceal the extent of involvement with gambling</li> <li>8. Has committed illegal acts to finance gambling</li> <li>9. Has jeopardized or lost an important relationship, job, or educational or career opportunity because of gambling</li> <li>10. Relies on others to provide money to relieve a desperate financial situation caused by gambling</li> </ol>	<p>The disorder consists of frequent, repeated episodes of gambling that dominate the patient's life to the detriment of social, occupational, material, and family values and commitments.</p> <p>Diagnostic criteria:</p> <ol style="list-style-type: none"> <li>A. Repeated (two or more) episodes of gambling over a period of at least one year.</li> <li>B. These episodes do not have a profitable outcome for the person, but are continued despite personal distress and interference with personal functioning in daily living.</li> <li>C. The person describes an intense urge to gamble which is difficult to control, and reports that he or she is unable to stop gambling by an effort of will.</li> <li>D. The person is preoccupied with thoughts or mental images of the act of gambling or the circumstances surrounding the act.</li> </ol>
<i>Differential diagnosis</i>	
<p>Distinct from:</p> <ul style="list-style-type: none"> <li>- Social and professional gambling</li> <li>- Gambling in the context of a manic episode</li> <li>- Problems with gambling in antisocial personality disorder</li> </ul> <p>→ If the criteria for both disorders are met, both diagnoses can be made.</p>	<p>Exclusions:</p> <ul style="list-style-type: none"> <li>- Excessive gambling by manic patients (F30)</li> <li>- Gambling and betting not otherwise specified (Z72.6)</li> <li>- Gambling in dissocial personality disorder (F60.2)</li> </ul>

From Erbas and Buchner (32)

4.1.16 Although problem gamblers are at risk from harm it is important to note that people who are at low and moderate risk of harm from gambling are also a concern. When considered together with pathological gamblers they make up a larger proportion of the population: the Health Survey for England results suggest that approximately 5% of the adult population of Southwark is at risk of harm from their gambling behaviour in the last 12 months.

4.1.17 The Health Survey for England (20) states that 0.8% of men and 0.2% of women are problem gamblers.<sup>2</sup> An alternative method, using the Problem Gambling Severity Index (PGSI), found the percentages to be 0.6% for men and 0.1% for women. Among men, problem gambling prevalence varied with age; for men aged 16-24 the rate was

<sup>2</sup> These rates were calculated using the Diagnostic and Statistical Manual of Mental Disorders IV (DSM-IV).



2.2%, and this fell to 0.3% for men aged 75 and over. Figure 4-2 uses these percentages, and census projections for 2014, to show that 8,970 men and 2,340 women are likely to have been at risk of harm from their gambling behaviour in the last 12 months in LB Southwark.

- 4.1.18 There are a number of assumptions in this calculation: it uses the PGSI rate for 2012 and population projections for 2014. The age range is given in 5 year blocks and thus the calculation includes 15 year olds. We have not included people over 65: gambling rates decline for men over 65 and are not estimated for women over 65. Nonetheless, the estimate shows that approximately 5% of the adult population of LB Southwark can be expected to have been at risk of harm from their gambling behaviour in the last 12 months.

Figure 4-2: Numerical estimates of people gambling and at harm from gambling in LB Southwark

The Health Survey for England provides national estimates of gambling behaviour (20). The ONS provide 2010-based Subnational Population Projections (33). The calculations below apply the Health Survey for England estimates to the ONS data for LB Southwark for the year 2014. They are based on the following age groups.

... Male : age 15-65 : 126,400  
... Female : age 15-65 : 111,400

All numbers have been rounded to the nearest whole unit.

According to the PGSI, the national **problem gambling** rate in 2012 was as follows:

... for men: 0.6% (95% CI: 0.3% to 1.2%). For LB Southwark this would equate to 758 male problem gamblers (95% CI: 379 to 1,517); and  
... for women: 0.1% (95% CI: 0.04% to 0.3%). For LB Southwark this would equate to 111 female problem gamblers (95% CI: 45 to 334).

**Low and moderate risk gamblers**

Overall, 4.8% of men and 1.6% of women were identified as **low risk gamblers** and a further 1.7% of men and 0.4% of women were categorised as **moderate risk gamblers** according to the PGSI. For LB Southwark this would equate to 6,067 men and 1,894 women being low risk gamblers and 2,149 men and 447 women being moderate risk gamblers.

**At risk of harm from gambling behaviour**

Taken together with problem gambling prevalence this shows that 7.1% of men and 2.1% women were identified as **at risk of harm from their gambling behaviour** in the last 12 months. For LB Southwark this would equate to 8,974 men and 2,339 women being at risk of harm from their gambling behaviour in the last 12 months. This is 5% of the adult population.

- 4.1.19 Gambling as a form of social entertainment may be a relatively safe social activity, but continued reliance on gambling because it is geographically and temporally accessible and provides a retreat from problems may lead to excessive and problematic gambling (34).

- 4.1.20 A study from Spain looked at pathological gambling as a complex disorder experienced by different groups (35). Within problem gamblers there are three



groups: those with limited mental ill health conditions and two further groups with more severe mental health conditions. The study suggests that the group with the limited severe mental ill health conditions may be more influenced by their environment, whilst the other two groups are not. The implication is that actions to change the environment of problem gamblers, such as availability of gambling machines, may only help the group with the limited mental ill health conditions and not those with severe mental ill health conditions.

- 4.1.21 Bowden writing in the BMJ in 2012 notes that pathological gambling is an addiction that afflicts 0.9% of the population of the United Kingdom. This means that there are about 450,000 problem gamblers in the UK. In these people, gambling has a profound negative impact on mental health and quality of life, which leads to disrupted family and professional relationships, as well as to debt and possibly crime to fund further gambling activities (36). This estimate tallies with the Health Survey for England (20) which found that around 1.0% of men aged 16-34 reported that they had, at least occasionally, committed a crime to fund their gambling.
- 4.1.22 The gambling industry often cites its contribution to local employment as a key benefit to high densities of betting shops. However, employees at gambling venues can also develop and maintain gambling problems (37). A US study found that casino employees have a higher prevalence of past-year pathological gambling behaviour than the general adult population, but a lower prevalence of problem gambling than the general adult population. The study also noted that casino employees tend to have a higher prevalence of smoking, alcohol problems, and depression than the general adult population (38). A review of betting shop related crime in Southwark found that in the cases of employee theft, the stolen money was generally used for gambling (39).

## Types of gambling

- 4.1.23 The 2012 Health Survey for England (20) found that among both men and women, the most popular forms of gambling were:
- purchase of tickets for the National Lottery (men 56%, women 49%);
  - purchase of scratch cards (19% and 20% respectively);
  - participation in other lotteries (14% for both men and women); and
  - betting on horse racing (12% and 8% respectively).
- 4.1.24 Among men, the next most prevalent gambling activities were:
- slot machine play (10%);
  - private betting (9%);
  - online betting with a bookmaker (8%); and
  - sports events (8%).
- 4.1.25 Among women, the subsequent most popular activity was bingo (7%). For men using machines in a bookmaker had a prevalence rate of 5%, however for men aged 16-24 this rose to 12%. For all other individual activities, the prevalence rate was 5% or less.



- 4.1.26 The British Gambling Prevalence Survey notes that among past year gamblers, 81% reported that they gambled 'in-person' only, that is they gambled using any offline method, such as placing a bet in a betting shop, visiting a casino or bingo hall, buying lottery tickets or scratchcards in a shop and so on. 17% of past year gamblers had gambled both online and in-person. Only 2% of past year gamblers had gambled 'online only' (21).
- 4.1.27 The scientific literature does not identify betting on sporting fixtures at betting shops as being a predictor of gambling problems. The highest risks of gambling pathology are associated with casino gambling, followed by lottery, cards, and bingo. However, participating in a greater number of types of gambling is strongly predictive of gambling pathology. This relationship holds true even after frequency of gambling and size of win or loss are taken into account (40). Industry documents note the profitability of enabling betting shop customers to cross over between different types of betting (23).
- 4.1.28 In terms of problem gambling by type of gambling, Griffiths (41) reports consistent trends across European jurisdictions that have done research. Prevalence studies in Europe have tended to report that problem gamblers are most likely to be electronic gaming machine (EGM) players including Estonia, Germany, Holland, Norway, Sweden and Switzerland. Other studies have also found similar results with adolescents reporting that the main type of problem gambling among adolescents is related to EGM play (e.g., Great Britain, Iceland and Lithuania).
- 4.1.29 Furthermore, statistics from problem gambling helpline data show a growing proportion of problem gamblers contacting helplines or assessing treatment are identifying EGMs as their primary form of gambling (41). Many European countries reported that problem EGM gamblers were most likely to seek treatment and/or contact national gambling helplines including (41):
- 60% of gamblers seeking help in Belgium;
  - 72% in Denmark;
  - 93% in Estonia;
  - 66% in Finland;
  - 49.5% in France;
  - 83% in Germany;
  - 45% in Great Britain;
  - 75% in Spain; and
  - 35% in Sweden.
- 4.1.30 In Great Britain, the national gambling telephone helpline operated by GamCare has consistently shown that EGM gamblers account for a notable proportion of calls. In a report overviewing the 2007 call data (42) it was reported that 25% of all calls concerned FOBTs and a further 20% concerned fruit/slot machines (n = 37,806 calls). Thus, calls about EGMs comprised the most calls for help of all types of gambling. As for location, more than half of the callers said they gambled in betting shops, though callers often disclosed more than one facility. Griffiths, however, advises that caution may be required as these results tend to provide an indication of an association between problem gambling and machines and not a definitive proof (41).



4.1.31 Figure 4-3 shows the different forms of gambling and their respective contributions to the total gross gambling yield (GGY). Figure 4-3 also shows the contributions made by people with gambling problems to the GGY.

4.1.32 The authors caution that these figures must be treated as approximations only but also note that they are likely to be of the right order. This is the first time such estimates have been calculated for Britain and they suggest that people with gambling problems are making a substantial contribution to total gambling spend, particularly in the cases of certain forms of gambling such as FOBTs (43).

Figure 4-3: Estimated contribution of people with gambling problems to takings from different forms of gambling

	% of spend by people with gambling problems (PGPs)	Total gross gambling yield (GGY)	PGPs' contribution to GGY
FOBTs in betting shops	23%	£1,295m	£297m
Table games in casinos	11%	£685m	£76m
Dog race betting	27%	£275m	£75m
Horse race betting	7%	£810m	£57m
Slot machines in arcades	12%	£396m	£47m
Football pools	5%	£324m	£18m
Bingo	4%	£386m	£16m

From Orford et al (44;45)

4.1.33 Blaszczynski (46) states that it is irrefutable that electronic gaming machines are associated with substantial personal, familial and social harms. However Blaszczynski recommends that rather than focusing attention on controlling electronic gambling machine use specifically, it may be better to address accessibility and availability of all gambling products within a community and the factors that promote participation in multiple forms of gambling.

4.1.34 A comprehensive harm minimisation policy will consider all factors that combine to prompt people to harm themselves through gambling and gaming machines, for example (46):

- individual factors;
- social factors; and
- contextual factors.

## Physical and mental health outcomes and co-morbidity

4.1.35 The BMA Board of Science notes that most people who gamble do so occasionally and they do so for fun and for pleasure (19). However, the BMA Board of Science also notes that gambling brings with it inherent risks of personal and social harm. Problem gambling can negatively affect significant areas of a person's life, including their



physical and mental health, employment, finances and interpersonal relationships (e.g. family members, financial dependents) (19).

- 4.1.36 Forrest found evidence of benefits to responsible gamblers through the pattern of responses to a self-evaluated wellbeing question in the British Gambling Prevalence Survey (47). The review also found a gain in satisfaction from responsible gambling, which in cost-benefit analysis terms equates to extra disposable income of £75 per year per household. Despite those positive findings, Forrest also found that those with gambling disorders experience exceptionally low wellbeing by the same measure, comparable to victims of serious illness (47). Another study by Desai et al. found that, among older respondents, recreational gambling was associated with positive health measures (e.g., better physical and mental functioning) (48). The same study also showed poorer health outcomes among younger recreational gamblers (48).
- 4.1.37 The evidence therefore starts to point to a distinction between slight positive outcomes for the majority of people (occasional responsible gamblers e.g. older people engaging in sports betting) and significant adverse outcomes for a minority of problem gamblers (particularly younger people using electronic gambling machines).
- 4.1.38 Problem gamblers report poor self-related health, and high rates of depression, anxiety and stress (49). A study of pathological gamblers (50) noted that 15.4% of the women and 13.2% of the men reported stress or anxiety as a trigger for gambling.
- 4.1.39 Abdollahnejad et al (51) examined the presence of multiple psychiatric disorders in high risk gambler populations in Australia. The study found evident that around 50% of regular high risk gamblers had at least one form of psychiatric disorder and that this figure increases to 91% in the pathological gamblers. Regarding causation the study notes that although the strong association between pathological gamblers and mood-related disorders is well established in the literature, evidence suggests that these factors may both give rise to problem gambling as well as be a symptom of it.
- 4.1.40 The Health Survey for England (20) highlight how moderate risk and problem gambling is associated with GHQ-12 status (a measure of current mental health). The odds of being a moderate risk/problem gambler were greater among those with high scores on the GHQ-12<sup>3</sup>. Compared to those with a score of 0, the odds of being a moderate risk/problem gambler were 3.7 times higher among those with a score of 4 or more; and 2.5 times higher among those with a score of 1 to 3.

### *Co-morbidity*

- 4.1.41 The BMA Board of Science notes that there are significant co-morbidities with problem gambling, including depression, alcoholism, and obsessive-compulsive behaviours. These co-morbidities may exacerbate, or be exacerbated by, problem gambling (19). The 2010 British Gambling Prevalence Survey found that around 30-50% of pathological gamblers have co-occurring substance misuse (52).

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<sup>3</sup> A high GHQ-12 score (of 4 or more) is indicative of a possible psychiatric disorder whereas a score of 0 indicates that there is no evidence of mental ill health.



- 4.1.42 Other studies demonstrate relatively high rates of depression, schizophrenia, life-threatening behaviour and suicide among problem gamblers.
- An epidemiological study based in St. Louis, USA found significantly elevated odds ratios (risk) for major depression and schizophrenia in problem gamblers, alongside suicidal tendencies (53).
  - DeCaria et al (54) also observed high rates of a wide range of mental health problems in problem gamblers.
  - In 2002, 10% of users of an established telephone helpline for problem gambling in New Zealand reported considering suicide (55).
  - More women than men reported loneliness and isolation in connection with the development of a gambling habit, the majority of respondents reported significant family histories of gambling problems and alcohol dependence (50).
- 4.1.43 Co-dependence on alcohol means that it is often difficult to explore problem gambling as a separate issue. Abdollahnejad et al (51) found that high rates of psychiatric illness in pathological gambling may be strongly influenced by co-occurring alcohol problems. The results show that, although problem gamblers typically present with a higher prevalence of psychiatric disorders than non-pathological regular gamblers, it is those gamblers with a dual diagnosis (of alcohol use disorder and pathological gambling) that have the highest prevalence of many common forms of personality disorder. The study advises caution in interpretation of causation with regard to problem gambling, mental health and alcohol use disorder.

## Proximity

*Gambling researchers have long argued that increased availability and accessibility to gambling products leads to an increase in the prevalence of problem gambling (56). The links between gambling, problem gambling, and accessibility to gambling have been examined in a number of studies (57-61), all of which have found evidence of positive relationships. While these relationships are complex and multidimensional, with accessibility being influenced by a wide range of factors (e.g., social, spatial, cultural, and economic, among others), the most common finding has been that regions with relatively high concentrations of gambling facility supply tend to have higher levels of gambling activity amongst the local population (62).*

- 4.1.44 Hodgins et al (63) note that although many genes confer vulnerability, environmental factors also contribute to developing gambling disorders. The structural and situational characteristics of gambling activities (e.g. accessibility to gambling or type of gambling establishment) are important factors involved in the maintenance of gambling behaviour.
- 4.1.45 Research from Australia, Canada and New Zealand has shown that where EGMs are readily available, they are more closely associated with problem gambling than any other form of gambling. Such accessibility is socially patterned, with EGMs more heavily provisioned in economically disadvantaged areas. In a 2012 Australian study, Young made two key findings: firstly that most people do not actually visit their closest betting venue most frequently; and secondly that geographic accessibility (distance from home to actually visited venue), does affect frequency of venue visitation and gambling participation. Young concludes that increasing residential



distance, particularly from disadvantaged suburbs, to EGM venues will reduce gambling participation and gambling-related harm (64).

- 4.1.46 The BMA Board of Science notes that availability of opportunities to gamble and the incidence of problem gambling within a community are linked (19). There is also some evidence that proximity to gambling venues is associated with problem gambling. Griffiths states that it has been clearly demonstrated from research evidence by psychologists outside the UK that where accessibility of gambling is increased, there is an increase not only in the number of regular gamblers but also an increase in the number of problem gamblers (65). More recently Welte et al, in findings from the US, also found that living close to casinos predicts gambling problems in adult males (66).
- 4.1.47 However a US review note that although the expansion of gambling is linked to increases in gambling-related problems among a population, the literature also raises questions about the durability of such effects. Some studies suggest that some people and some places might have adapted to the risks and hazards of gambling (67).
- 4.1.48 An Australia study that adjusted for individual and neighbourhood-level characteristics identified that the shorter the distance between place of residence and a gambling venue (with electronic gambling machines), the more frequently a gambling venue would be visited and the more frequently a person would participate in gambling. The study did not find a similar relationship for problem gambling, however it concluded that spatial accessibility of electronic gaming machines is an important determinant of gambling risk (64).
- 4.1.49 In the US a positive link was found between casino proximity and both gambling participation and gambling expenditure. However the same study did not find a link between casino proximity and pathological gambling or problem gambling. The authors suggest that as the study was conducted 10 years after opening of the casino, people who live in the vicinity of a casino may have adapted their behaviours in reaction to exposure (68).
- 4.1.50 A review of the international research evidence on social impacts of gambling, including casino gambling, was undertaken for the Scottish context. The review identified that increasing the availability of gambling also increases rates of problem gambling. Although the review noted that the prevalence of pathological gambling was two times higher among respondents living within 50 miles of a major gambling venue (69), the highest rates of problematic playing were associated with widely dispersed non-casino electronic machines. The review noted that longitudinal research suggested that the trend between proximity and problem gambling may level out or decline over time as communities adapt to the presence of gambling around them (70). However in the short term urban or suburban casinos tend to draw large numbers of local residents to them, meaning that the social costs of problem gambling that do arise often remain within the local community (70).
- 4.1.51 Research in Canada showed that people exposed to a new casino showed a significant increase in (71):



- gambling on casino games;
- the maximum amount of money lost in 1 day on gambling; and
- knowing a person who had developed a gambling problem in the last 12 months.

4.1.52 An earlier Canadian study had also shown that opening a casino brought more gambling by local residents and an increase in reported gambling problems. The study noted that, at least in the short term, problems from the increased availability of gambling manifested themselves not in the public arena but rather in the arena of private life (72).

4.1.53 In New Zealand people living in neighbourhoods with the closest access to a gambling venue were more likely to be a gambler or problem gambler (adjusted for age, sex, socio-economic status at the individual-level and deprivation, urban/rural status at the neighbourhood-level). The relationship held true when considering just non-casino gaming machines and sports betting venues. The study concluded that neighbourhood access to opportunities for gambling is related to gambling and problem gambling behaviour, and contributes substantially to neighbourhood inequalities in gambling over and above-individual neighbourhood characteristics (73).

4.1.54 Young and colleagues conclude that in assessments for new betting venues there is now an evidence base to justify the explicit incorporation of geographic accessibility as a parameter to control the spatial distribution of gambling supply as a harm-reduction strategy (64).

## Demographic and socio-economic characteristics

4.1.55 The Health Survey for England (20) notes that the increased levels of gambling engagement among young men highlights them as a particular group who may be at risk of experiencing of gambling-related harm. Overall, less than 1% of adults were classified as problem gamblers, with a further 1.7% of men and 0.4% of women classified as moderate risk gamblers. However, among young men aged 16-24, around one in 20 (4.9%) were classified as either moderate risk or problem gamblers and 16.6% reported experiencing some kind of difficulty with their gambling behaviour in the last year.

4.1.56 In addition to identifying young men as a group of interest, results from this survey also highlight how moderate risk and problem gambling is associated with living in the areas with the highest health deprivation in England: this includes Southwark. Although area deprivation as measured by IMD did not differentiate rates of gambling participation, area deprivation was associated with moderate risk and problem gambling. This evidence suggests that whilst those who live in deprived areas may be no more likely to gamble than others, those who do are at greater risk of experiencing gambling problems.

4.1.57 In the US low socio-economic status (SES) group members are associated with higher levels of gambling pathology than any other groups after all other factors are considered (40).



- 4.1.58 Evidence from the 2007 British Gambling Prevalence Survey suggests deprivation is significantly positively and linearly related to reports of close relatives having gambling problems (74). This supports Welte et al's findings in the US (75) that neighbourhood deprivation was significantly associated with problem gambling after controlling for a number of other variables (74). It also correlates with a Swedish study, which notes that the groups most at risk for gambling problems in Sweden are people disadvantaged or marginalized by international economic changes and the dismantling of the Swedish welfare system (76).
- 4.1.59 The 2010 British Gambling Prevalence Survey found that at-risk gambling and problem gambling were associated with area deprivation, educational qualifications and ethnicity. However area deprivation was not associated with either past year gambling prevalence or the mean number of gambling activities undertaken in the past year. The highest rates of low risk, moderate risk and problem gambling were observed among those who were male, single and were unemployed (21).
- 4.1.60 A review undertaken in Scotland noted that disadvantaged social groups who experience poverty, unemployment, low levels of education and household income are most likely to suffer the adverse consequences of increased gambling. Although individuals from these groups may not spend more on gambling in absolute terms, they do spend a higher proportion of their incomes than wealthier players (70).
- 4.1.61 It has been demonstrated that in parts of Australia, New Zealand and Canada gaming machines tend to be disproportionately sited in disadvantaged locales. This situation could potentially be influencing the emergence of higher levels of gambling-related problems in areas which can least afford them, and amongst populations that have a lesser capacity to respond to them. However, this does not suggest that problems will always emerge in less-advantaged areas with higher concentrations of gambling facilities. This is because processes influencing experiences and outcomes may operate differently in different places (62).
- 4.1.62 Wardle and colleagues mapped the location and density of gambling machines in Britain to explore the socio-economic characteristics of geographic areas with higher densities of EGMs (77). The research found a significant correlation between machine density and socio-economic deprivation. Wardle and colleagues found that the distribution of FOBTs is not merely a product of population density. Areas with high densities of gambling machines had greater levels of income deprivation, more economically inactive people and a younger age profile than other areas. The review notes that it is broadly accepted that place and context can influence human behaviour and that geographic and other inequalities can propagate the risk of experiencing adverse health outcomes. The review raises concerns that the impact of increased gambling machine availability may extend far beyond the local resident population living within 400m of a venue and reach to transient populations who use the same spaces for work and recreation. The review concludes that the profile of the resident population living in areas with high densities of gambling machines mirrors the profile of those most at-risk of experiencing harm from gambling. The authors conclude that this spatial pattern has important implications for assessing the



relationship between gambling availability and gambling-related harm, and for the future development of policy and harm-prevention (77).

- 4.1.63 In the USA a positive relation has also been found between neighbourhood disadvantage and frequency of gambling and problem/pathological gambling (75). A later US study linked the presence of a casino within 10 miles of a respondent's home to increased problem/pathological gambling. These results were interpreted to mean that the ecology of disadvantaged neighbourhoods promotes gambling pathology, and that availability of gambling opportunities promotes gambling participation and pathology (66).
- 4.1.64 A report for the London Health Inequalities Network (LHIN) (78) highlights a 2012 analysis by Geofutures. This showed clusters of bookmakers in town centres across Great Britain and that those town centres with the highest density of betting shops were areas where the resident population was typically poorer and constrained by their economic circumstances. The LHIN report that the betting industry sometimes argue that bookmakers are simply focusing their commercial trade on areas where there is a local population likely to use their services, where there is a passing football for their services and where rents and overheads make it commercially viable. However, social determinants research clearly demonstrates that 'place matters' and that people living in deprived neighbourhoods tend to experience poorer health outcomes.
- 4.1.65 Fortune and colleagues investigated the role of social factors in pathological gambling in the US (79). The authors found correlations between a person's gambling and the prevalence of gambling in his or her social network. The severity of a person's gambling was significantly associated with both frequency of gambling ( $r=0.31$ ;  $p<0.01$ ) and expenditure ( $r=0.30$ ;  $p<0.01$ ) on gambling by a person's five closest friends. The study provides evidence of significant social density of addictive gambling.
- 4.1.66 Although there is good evidence of an association between demographic or socio-economic characteristic and gambling behaviour, a 2009 review undertaken in Sweden notes that a positive correlation between gambling opportunities and a high frequency of problem gamblers in an area says nothing about cause and effect. Opportunity may cause gambling problems, but it may also be that populations with certain demographic profiles, which tend to cluster in socio-geographical space, have relatively high rates of problem gambling (80).

## Young people

- 4.1.67 Studies from North America, UK, Australia, New Zealand and the Nordic countries suggest that 10-14% of young people are at risk of developing serious gambling problems and that between 5-7% of young people are problem gamblers. A noted public health issue is that there are higher rates of problem and pathological gambling amongst young people than amongst adults. Early exposure to gambling increases the risk of developing gambling problems later in life. The age of onset for problematic gambling in young people is estimated to occur around 10-11 years old suggesting that access to gambling at this age is of crucial importance. Key risk factors



which may increase the likelihood of a young person developing a gambling problem include: having parents who introduce them to gambling at an early age; having parents who are heavy gamblers themselves; and having friends who are problem gamblers (81).

- 4.1.68 US adolescents (sample predominantly African-American) have been shown to have a high risk of being both at-risk from gambling (20.7%) and problem gamblers (12.8%). Boys were more likely to have gambling problems than girls. Perceiving parent and friend gambling were positively correlated with gambling problems, and friend gambling was also linked to more frequent gambling (82).
- 4.1.69 Rates of early negative childhood experiences, such as abuse and trauma, seem to be higher in individuals with gambling disorders than in social gamblers, with the severity of maltreatment being associated with the severity of gambling problems and an earlier age of gambling onset. Childhood exposure to gambling is also likely to affect gambling behaviour later in life (63). Young people who have developed problem gambling are associated with a range of mental health issues including depression and anxiety disorders, and suicidal thoughts/attempts. They are also more likely to (81):
- truant and perform poorly at school;
  - engage in alcohol and drug abuse;
  - exhibit anti-social behaviours (e.g. stealing); and
  - experience disruption to family and peer relationships.
- 4.1.70 While lotto is the most popular adult game in most European countries among adults the trend among adolescents seems to be influenced by availability. Wherever commercial games (such as the lottery or slot machines) are widely available, adolescents increase their participation even though in most jurisdictions they may not be legally permitted to play these games (41).
- 4.1.71 High levels of gambling in children have been linked to the accessibility/availability of gaming machines. International studies suggest that the lack of availability of legal gaming machines for under 18s does not necessarily mean that adolescents are not able to access these forms of gambling. Rather, studies in Australia, Canada, Norway, and the US shows that young people still manage to access gaming machines and in some cases casinos despite age restrictions (81).
- 4.1.72 A review of betting shop related crime in Southwark in 2013 found that underage persons attempting to gamble in betting shops was a leading cause of reported anti-social behaviour in the borough (39).

## Links between gambling and debt

- 4.1.73 Access to money is central to the activity of gambling, and significant debt can be caused by problem gambling for all but the wealthiest individuals. Gambling debts averaging more than £60,000 may be common among gamblers with unmanageable debt. Gambling-related debt also increased the likelihood of individuals taking out unsecured and secured forms of credit for consolidation purposes, and experiencing more serious forms of debt action by creditors. Gambling-related debt is also more



likely to lead to relationship difficulties or relationship breakdown at the family level (compared to more usual forms of debt) (83).

- 4.1.74 Meltzer and colleagues (84) found addictive behaviours (including gambling) have an independent effect on common mental health disorders separate from debt.

## Conclusion

- 4.1.75 Forrest (47) recommends that, as both benefits and costs of gambling are large, public policy and regulatory decisions should aim to mitigate harm without constraining the choices of responsible gamblers. The evidence suggests that a low density spread of betting shops in the borough would have a slight positive impact on the wellbeing of the majority of people (occasional responsible gamblers e.g. older people engaging in sports betting). However the clustering of betting shops in areas known to be at a greater risk of experiencing gambling problems (particularly younger people using electronic gambling machines) is likely to be associated with more frequent reductions in health outcomes for a vulnerable minority of betting shop users.
- 4.1.76 Gainsbury and colleagues examined the evidence of best practice policies to provide recommendations for guidelines for harm-minimisation policy for gambling (85). The review concluded that effective strategies could be adapted from public health policies implemented for addictive substances. Specifically:
- a minimum legal age of at least 18 for gambling participation;
  - licensing of gambling venues and activities with responsible gambling and consumer protection strategies mandated; and
  - brief interventions for those at-risk of and experiencing gambling-related problems.
- 4.1.77 With regard to the effectiveness of restricting gambling venue density Gainsbury and colleagues found mixed evidence (85). The review acknowledges that there is evidence that the rates of gambling harm may be higher in locations closer to gambling venues; however the strength of this relationship appears highly susceptible to contextual variations, such as demographic profile, socio-economic characteristics, and other risky behaviour. These findings both acknowledge the limitations in the current scientific evidence and confirm the importance for local evidence in any policy decision.
- 4.1.78 In conclusion, there is a reasonable body of scientific evidence that shows access to gambling venues (including betting shops) leads to increased gambling behaviour and that this, in turn, is associated with poor health outcomes. The characteristics that often facilitate and encourage people to gamble in the first place are primarily features of the environment, such as location of the gambling venue and the number of venues in a specified area. These variables may be important in both the initial decision to gamble and the maintenance of the behaviour.
- 4.1.79 Although many of these situational characteristics (e.g. concentration, clustering or proximity of venues) are thought to influence vulnerable gamblers, there has been very little empirical research into these factors and more research is needed before



any definitive conclusions can be made (19). The scientific literature therefore falls short of supporting particular densities or exclusion/saturation distances for betting shops in an area.



## 5 Health outcomes associated with payday loan shops: literature review

5.1.1 After a brief introduction to this section we consider the limitations of this review. We then examine the following aspects of payday loans:

- types of borrowing;
- recent scrutiny of payday lenders;
- health outcomes; and
- links to spatial and socio-economic characteristics.

5.1.2 We also draw the reader's attention to [Appendix B](#) which gives case studies that have been collected by Southwark Citizens' Advice Bureau. These show the ways in which unmanaged debt can affect all aspects of people's lives.

### Introduction

5.1.3 Payday loan shops function as short-term, low-value lenders, providing high-interest loans in cash to those able to show proof of income. While payday lenders can be a convenient source of quick cash, filling a credit gap in many communities, they can also trap borrowers in a spiral of debt (86).

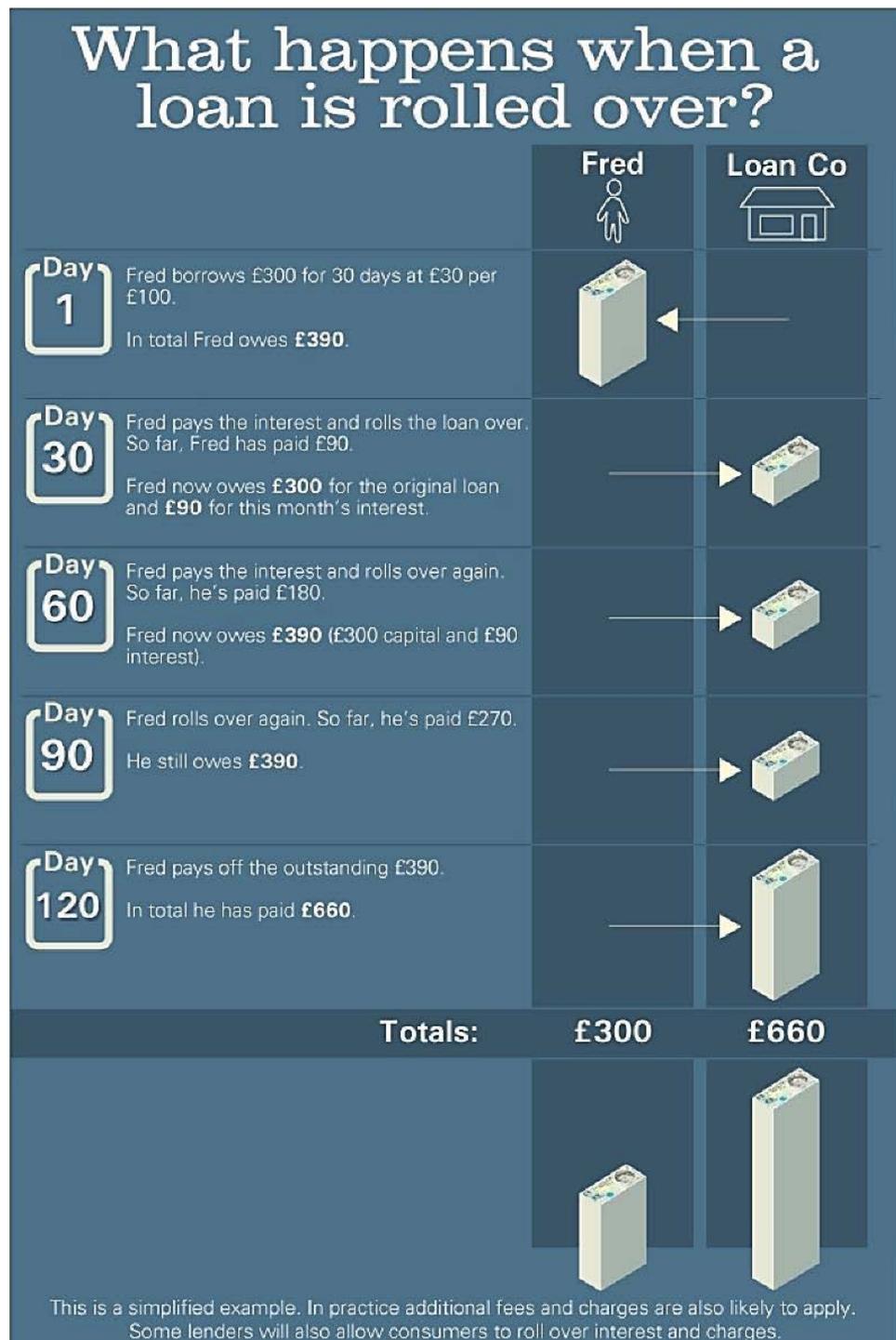
5.1.4 In evidence to a Government select committee on debt management (87), Dr Gathergood, an economist at the University of Nottingham, characterised the payday loan market as being used by two groups:

- people who have had a financial shock and need money quickly to address that, who intend to repay, will be in a position to repay and need the money now – for these people a payday loan can act as a high cost but effective form of insurance; and
- people who lack control in their expenditures and might take out debt in order to purchase something they want at short notice without an ability to repay – a payday loan, for these people, is an opportunity for them to be a victim of their own behaviour.

5.1.5 Figure 5-1 and Figure 5-2 show how payday lending can lead to financial hardship and the way in which the payday lenders business model is reliant on rollover loans.



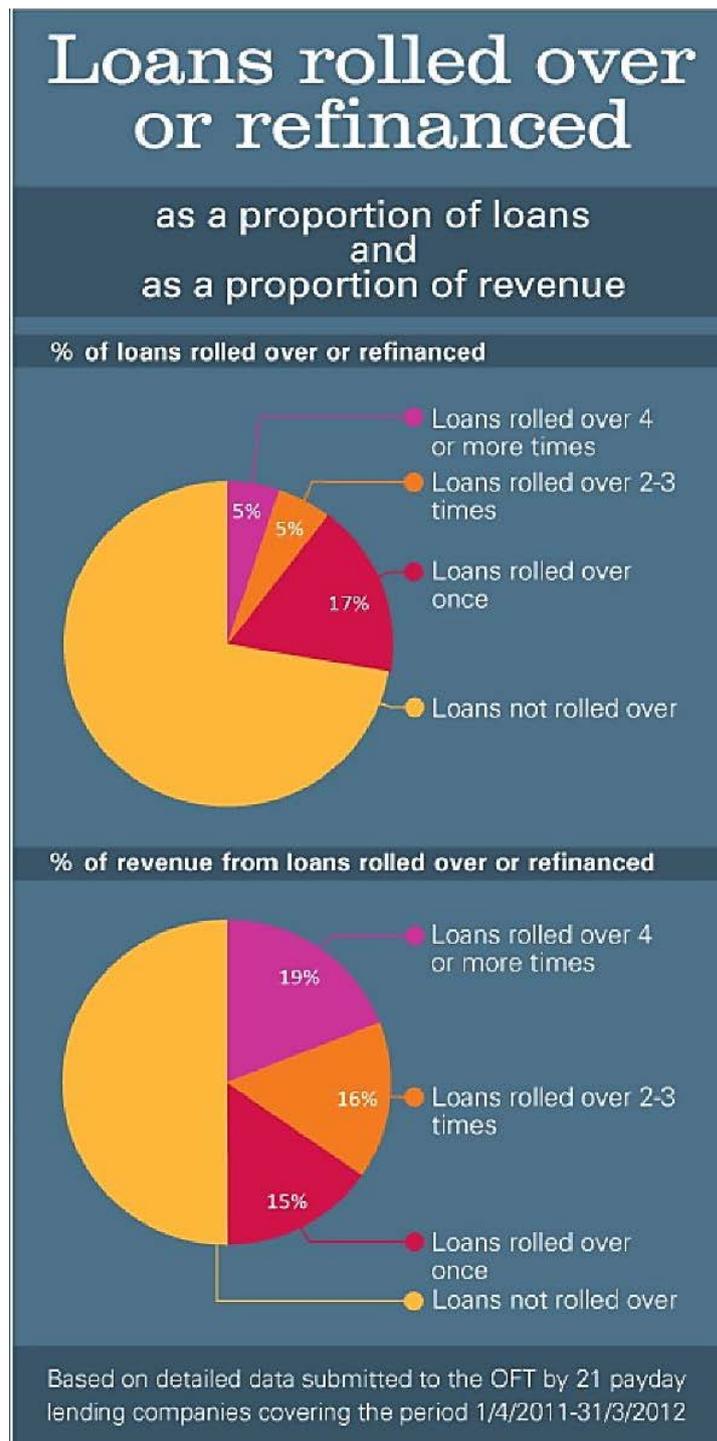
Figure 5-1: Financial hardship caused by payday loans I



From Office of Fair Trading (88)



Figure 5-2: Financial hardship caused by payday loans II



From Office of Fair Trading (88)

5.1.1 Figure 5-1 shows how repeated rolling over of debt from one month to the next results in escalating costs and in this example having to pay back over twice as much as was originally borrowed over a period of just four months. Figure 5-2 shows that although only 5% of payday loans roll over four or more times, this accounts for 19% of payday lenders total revenue. Indeed half of all revenue of payday lenders comes from loans that are refinanced at least once.



- 5.1.2 There are however existing alternative forms of affordable credit available to people in Southwark. Credit unions promote responsible lending. Some have introduced payday loans, for example the London Mutual Credit Union has developed a number of loan products and financial programs to provide access to credit for Southwark, Lambeth, Westminster and Camden. By law (Credit Union Act 1979 (89)), the maximum interest rate that a credit union can charge its members for a loan is 2% per month or 26.8% APR. This compares with a payday loan shop APR of up to 5,600% [100% - 200% per month typical online 06.02.14] (90). The London Mutual Credit Union SCU premier loan product allows borrowing of between £801 and £7,500 at an APR of just 13.7% (around 1% per month) for up to 36 months. The credit union's long term aim is to encourage payday loan borrowers to take out these longer term loans to break the cycle. Within Southwark, the London Mutual Credit Union currently has branches in Peckham, Denmark Hill and Bermondsey. A second form of affordable alternative credit is the Government's Social Fund (SF), a scheme to help people with needs which are difficult to meet from regular income. Although from April 2013 Community Care Grants and Crisis Loans are no longer available, interest-free Budgeting Loans of £100 to £1,500 are available for those who have been claiming income-related benefits for at least 26 weeks (91).
- 5.1.3 Changes to the benefits system, including the new Universal Credit, are expected to exacerbate the use of payday lending. The Universal Credit system will provide a single monthly payment (all benefits combined) rather than multiple smaller payments over the month. This will require people to change their budgeting behaviour. It is likely that this will present problems and that people will use payday loans when they run out of money before the end of the month. The main safety net for this situation has recently been removed with the ceasing of the Government's crisis loan scheme. Although Southwark have an emergency support scheme to replace the crisis loans, this scheme has fewer resources and Government funding will cease in March 2015 (92).

## Review limitations

- 5.1.4 Caution should be exercised in generalising the findings of the studies cited in this evidence review to different contexts where regulatory practices and socioeconomic patterns may vary. This is particularly true of studies originating from the US, where much of the research in this field has been undertaken.

## Types of borrowing

- 5.1.5 Kamleitner and colleagues (93) identify that typically while middle-income groups use 'mainstream commercial credit' (e.g. bank overdrafts or bank loans) to borrow large amounts; low-income groups, in particular young families with dependent children, borrow small amounts from the 'alternative credit market' or from friends and relatives.
- 5.1.6 The Consumer Finance Association (94) report the main uses for using payday loans for three age groups:
- 25 to 35 year olds: food, child essentials, vehicle expenses and utility bills;



- 35 to 44 year olds: food, emergency needs, to pay off loans and credit cards and to pay utility bills; and
  - 45 to 54 year olds: university fees, family expenses and emergency expenses.
- 5.1.7 A survey in 2012 found that of people who had taken out a payday loan 24% prioritised paying back their loan over paying for food (92;95).
- 5.1.8 Fuller et al (96) note that in the UK, many low-income communities have seen the withdrawal of ‘mainstream’, high-street-based financial service infrastructure (bank and building society branches) from their local areas since the mid to late 1980s, whilst more costly sub-prime lenders have flourished, often in their place. Such changes have caused a spatial segregation in financial service provision. The study notes that financial exclusion is increasingly being recognised as an important form of socioeconomic inequality particularly in relation to access to affordable and readily available credit. In the absence of mainstream sources of credit and finance, poorer communities have had to rely on more expensive ‘sub-prime’ lenders such as doorstep moneylenders, check-traders, payday loans or high-interest deferred payments for goods. Such credit is being provided at relatively high rates of interest by sources such as credit companies, pawnbrokers, catalogue companies, money shops and moneylenders.
- 5.1.9 Different types of debt may have different material, psychological and social meanings, and may occur in different contexts. Payday loans, for instance, have been singled out as particularly socially stigmatized. These short-term, revolving high-interest loans are more common in lower income and minority neighbourhoods, where mainstream banking facilities have been replaced with non-traditional lending outlets. Payday loans are generally considered highly predatory and have been described as symbols of “a devalued place occupied by devalued people”. Thus, while the relative size of payday or other short-term loans may be small compared to a home mortgage or student loan, their psychosocial impact can be much greater (97).
- 5.1.10 Southwark Citizens Advice Bureau report that in their experience the use of payday lenders is due to an inability of people in Southwark to qualify for mainstream financial service products (i.e. due to poor credit rating), rather than because banks and building societies have physically withdrawn from these areas. While the Credit Union is, at least in principle, a viable alternative to payday loan shops for many people, there is a group of people who realistically are not able to repay loans. Due to responsible lending guidelines the Credit Union would therefore be unable to lend to them. Given the withdrawal of Government crisis loans there is little alternative for these people but to use payday loan shops (92). As payday lenders compete for customers primarily on the basis of availability of loans and speed and ease of loan approval, less thorough credit-worthiness checks are common (98).

## Recent scrutiny of payday lenders

- 5.1.11 The Audit Commission (99) have stated that moneylenders who take advantage of people with poor access to credit or with a poor credit history are a critical issue for some deprived areas. The Audit Commission note that the situation is exacerbated during a recession, with vulnerable people being attracted to this source of finance.



- 5.1.12 The Office of Fair Trading (OFT) conducted a review of the payday lending sector. This was in part prompted by concerns that some payday lenders may be taking advantage of people in financial difficulty. The review (88) found that the payday loans market is not working well for many consumers, with evidence of widespread non-compliance with the Consumer Credit Act (89) and other legislation. The review found evidence of irresponsible lending with many people given loans they could not afford, and then encouraged to extend them, exacerbating their financial difficulties, causing real misery and hardship.
- 5.1.13 The OFT has identified practices which make it difficult for consumers to identify or compare the full cost of payday loans effectively at the point when loans are taken out. They also report that a significant proportion of payday borrowers have poor credit histories, limited access to other forms of credit and/or pressing needs. Barriers were also identified to switching between payday lenders or to alternative products or options at the point of rollover. The OFT suspects that these barriers benefit incumbent lenders and prevent, restrict or distort competition from possible alternative lenders at the point of rollover.
- 5.1.14 A further OFT report (98) found evidence of lending to under 18s, people with mental health issues or people who may have consumed excessive amounts of alcohol. Misuse of repayment 'continuous payment authorities' (CPA) <sup>4</sup> was also reported, with payday lenders persistently raiding bank accounts without any warning, leaving no money to live on.
- the report classified 60% of payday loan shop borrowers as being 'vulnerable';
  - 64% of payday loan shop borrowers agreed that this type of credit trapped them into a cycle of borrowing; and
  - only 14% had access to a viable mainstream credit alternative when taking out their loan.
- 5.1.15 The Financial Conduct Authority (FCA) will impose the following new rules on payday loan shops from 1<sup>st</sup> April 2014 (100):
- limiting the number of loan roll-overs to two;
  - restricting (to two) the number of times a firm can seek repayment using a CPA; and
  - a requirement to provide information to customers on how to get free debt advice.
- 5.1.16 This is an encouraging step. There is, however, the possibility that an unintended consequence of these new rules is greater use of multiple payday lenders (two rollovers with more than one lender). If this is the case then the ease of access afforded by clustering of payday loan shops could encourage borrowing from multiple lenders where the option of a further rollover with a single lender is denied.

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<sup>4</sup> CPA allows a business such as a payday lender to withdraw sums from an individual's bank account without having to seek repeat authorisation for each withdrawal.



## Physical and mental health outcomes

- 5.1.17 Richardson et al (101) reviewed the relationship between personal unsecured debt and health. Overall the results suggest that unsecured debt increases the risk of poor health. Significant relationships were found between debt and physical and mental health (see Figure 5-3 below).
- 5.1.18 There was no significant relationship with smoking. Some studies showing a dose–response effect with more severe debts being related to more severe health difficulties (101). Specifically in terms of physical health, debt has been linked to:
- a poorer self-rated physical health, long term illness or disability;
  - chronic fatigue;
  - back pain;
  - higher levels of obesity; and
  - worse health related quality of life.

Figure 5-3: Results of meta-analysis examining unsecured personal debt and mental and physical health

Variable	OR 95% CI	Overall effect
mental disorder	3.24 (2.91, 3.60)	Z = 21.68, p < .001
depression	2.77 (2.5, 3.07)	Z = 19.45, p < .001
suicide completion or attempt	5.76 (2.97, 11.18)	Z = 5.17, p < .001
problem drinking	2.68 (1.40, 5.15)	Z = 2.96, p < .01
drug dependence	5.69 (3.82, 8.47)	Z = 8.57, p < .001
neurotic disorder	3.21 (2.64, 3.90)	Z = 11.63, p < .001
psychotic disorders	4.03 [2.64, 6.16]	Z = 6.46, p < .001

From Richardson et al (101)

- 5.1.19 The specific mechanisms by which personal unsecured debt is related to health are still unclear. However a number of studies demonstrated that subjective psychological elements (such as worry and stress about debt) appear to be more important than the objective measures (such as amount of debt).
- 5.1.20 Sweet et al (97) reached a similar conclusion in their finding that debt is an important socioeconomic determinant of health. The study, which controlled for prior health and socio-demographic factors, found that high relative debt (debt-to-asset ratio) is associated, not only with worse psychological and general health, but also with higher diastolic blood pressure (DBP): a 1.3% increase in DBP relative to the mean in fully adjusted models. The authors note that while this effect is relatively small, it is clinically significant: they note that a 2 mmHg increase in DBP, for instance, is associated with 17% higher risk of hypertension and 15% higher risk of stroke. Sweet et al (97) conclude the psychological feeling of being indebted may be more salient than actual financial standing when it comes to cardiovascular health. The study concludes that greater psychological impacts may therefore be expected with payday loans compared to home mortgages or student loans.
- 5.1.21 A review of the relationship between personal debt and mental health found that although methodological limitations make it difficult to definitively demonstrate



whether indebtedness causes poorer mental health, plausible data exist which indicate that indebtedness may contribute to the development of mental health problems, and mediate accepted relationships between poverty, low income, and mental disorder (102).

- 5.1.22 A 2011 report by the Department of Health found that individuals who initially have no mental health problems but found themselves having unmanageable debts, had a 33% higher risk of developing depression and anxiety related problems within a 12 month period compared to the general population who do not experience financial problems. Depression and anxiety related disorders are associated with significant costs arising from health service use, legal fees, debt recovery and lost productivity. On average, the lost employment costs of each case of poor mental health are £11,432 per annum, while the annual costs of health and social service use are £1,508 (103).
- 5.1.23 It is noted in Graves (104) that in addition to the financial costs of payday lending, the psychological costs may be just as damaging. In a review for the Royal College of Psychiatrists, Fitch et al. (102) found that, although there is no conclusive evidence of a strictly causal relationship, there is plausible evidence that indebtedness is often subsequently followed by mental health problems. Furthermore the greater the number of debts a person has, the higher their risk of also having a mental disorder. Based on population surveys the review found that nearly one-in-two adults with debt may have a mental disorder, whilst one-in-four adults with mental disorders is in debt.
- 5.1.24 In a study based on a random sample of 7,461 adults in England interviewed in 2007 Meltzer et al (84) found that personal debt is one of the major risk factors for common mental disorders (CMD). Indebtedness was associated with increased rates of each ICD category of CMD. After adjustment for confounders, those in debt were
- nearly four times as likely to have phobic disorders (social phobia and specific isolated phobias) (OR = 3.83, 95% CI 2.43–6.05,  $P < 0.001$ );
  - three times more likely to have panic disorder (OR = 3.14, 95% CI 1.79–5.52,  $P < 0.001$ ); and
  - more than twice as likely to have
  - OCD (OR = 2.27, 95% CI 1.32–3.90,  $P = 0.002$ );
  - depressive disorder (OR = 2.36, 95% CI 1.59–3.50,  $P < 0.001$ ); and
  - generalized anxiety disorder (OR = 2.51, 95% CI 1.85–3.41,  $P < 0.001$ ).
- 5.1.25 Furthermore the direction of causation is likely to run in both directions, namely that people in debt are more likely to develop a mental disorder and people with a mental disorder are more likely to get into debt. The increased likelihood of CMD among those in arrears was found for all CMD and was irrespective of source of debt. The situation was exacerbated among those with addictive behaviours, such as alcohol or drug dependence or problem gambling. Those with any of the addictive behaviours and being in debt were about seven or eight times more likely to have a CMD than the no addiction, no disorder group. Those who borrowed from moneylenders had the highest rate of CMD, 58%, and those who borrowed from multiple sources also tended to have higher rates of CMD than single source borrowers (84).



- 5.1.26 In a US study Drentea et al (105) found that being in debt is more closely related to mental health than other traditional indicators of socioeconomic status (SES). The study also identified that being in debt is a cause of stress and anxiety due to concern over repayment.
- 5.1.27 In a review conducted for Scotland McQuaid et al (106) noted that financial pressures can increase stress and anxiety levels, especially if individuals have a large volume of debt and are bound by inappropriate repayment structures. The review noted strong link between financial capability and mental well-being. For example, those with lower financial capability are more likely to report greater levels of stress. Using evidence from the *British Household Panel Survey* (BHPS) it was found that an individual whose financial capability improves by changing from low to average levels of financial capability reduces their probability of suffering from anxiety and depression by 15%.
- 5.1.28 A US review of payday lending suggests there are wider community impacts due to associations between payday lending and crime (107). The study found a correlation between payday lending and violent and property crime remains statistically significant after a range of factors traditionally associated with crime have been controlled for. The study concludes that all residents pay when they reside in neighbourhoods with a concentration of payday lenders.
- 5.1.29 Lee et al (108) in another US study found similar results to Kubrin with the presence of payday lenders significantly related to property crime. Lee et al highlight the role that mainstream lending has in providing finance to keep neighbourhoods in good repair and reduce physical disorder that is associated with fear of crime. It is also suggested that loans from mainstream financial institutions enhance economic life of a neighbourhood by helping small local business and thus employment (an important determinant of health).
- 5.1.30 Christodoulou and Christodoulou (109) report that at the societal level, interventions that improve community solidarity and social cohesion are important in countering psychiatric morbidity and suicide associated with unemployment, poverty and debt. These findings suggest that measures to promote more prosperous and cohesive communities, such as reducing clustering of payday loan shops to improve the vitality and viability of town centres, may not only help prevent debt, but may also be a factor in treating ill-health associated with debt. Christodoulou and Christodoulou (109) warn that the current economic downturn may be exacerbating the situation through not only worsening individual financial situations, but also by causing social fragmentation e.g. as town centres play a reduced role in social cohesion due to vacant premises and consequently reduced footfall.

## Links to spatial and socio-economic characteristics

- 5.1.1 The dynamic interplay between consumers needing credit and credit institutions granting (or declining) credit contributes to a concentration of particular credit types in certain communities. The immediate local accessibility of alternative forms of credit may accentuate demographic access issues (93).



- 5.1.2 Meltzer et al (84) found that groups with increased likelihood of debt were: 16–34 year olds; women; non-married adults; unemployed people; and those in rented accommodation. Debt has also been found to be independently associated with: poor housing quality; job stress; lower levels of social support; recent stressful life events; domestic violence; and caring responsibilities.
- 5.1.3 In a previous US study Melzer (110) used geographic differences in the availability of payday loans, to estimate the real effects of credit access among low-income households. The study found no evidence that payday loans alleviate economic hardship; rather that loan access leads to increased difficulty paying mortgage, rent and utilities bills. Melzer concludes that geographic access serves as an instrumental variable for borrowing.
- 5.1.4 In an Irish study, Byrne et al (111) note that access to credit is now recognized as a central element of financial exclusion. This study notes that, while only a very small percentage of people have no access to credit whatsoever, many do not have access to mainstream sources of credit and have to borrow from high-cost alternatives. Being excluded from mainstream credit providers in this context is a form of financial exclusion. The study notes two groups of people. People with poor credit records or a history of bad debt often turns to illegal money-lenders as all other providers, including regulated money-lenders, are unwilling to lend. Whilst people living on low incomes tends to turn to regulated moneylenders who operate to meet their specific needs. The study notes that in the UK, there is little overlap between borrowing from a money-lender and using other sources of credit. Therefore, in the academic literature, borrowing from moneylenders is seen as an indicator of financial exclusion. The situation in Ireland is stated to be somewhat different, with the study finding that a significant number of people who borrow from moneylenders also borrow from mainstream sources of credit. The study concludes that borrower and moneylender relationship is complex and is not centred on access alone. The authors note that in Ireland there is a widespread credit union movement which provides access to affordable credit.
- 5.1.5 Kamleitner et al (93) found greater use of high interest credit where there was already existing debt and only a small amount needed to be borrowed. Low income households were particularly likely to combine different sources of credit and often found it difficult to engage in price comparison.
- 5.1.6 Gallmeyer & Roberts (86) examine the social ecology of payday lending in the US. They note the rise in both economically distressed communities and industries which profit from them. Among those industries, payday lending stands out for its rapid expansion and near ubiquitous presence in some communities. The authors argue that payday lending outlets serve as an indicator of community economic distress and function as an exacerbating factor in that distress. They note that payday lenders could be seen to represent a financial hazard to communities, one which reminds residents of the economic uncertainty which surrounds them. The authors find that payday lenders are more likely to populate neighbourhoods that have lower income, moderate poverty (neither too high nor too low), and higher percentages of:
- ethnic minorities;



- immigrants;
- young adults;
- elderly;
- military personnel; and
- those working in non-management/professional occupations.

5.1.7 Particular links are noted to areas with high immigrant populations (who may be less able to access traditional banking services) and high elderly populations (whose low yet steady income streams may be attractive to payday lenders).

5.1.8 In a US study, Burkey et al (112) found that payday lenders tend to locate in urban areas with relatively higher minority concentrations, younger populations, and less-well educated citizens. The study also noted that homeownership and marriage rates are positively related to the number of payday lenders, whilst areas with high rates of households receiving some type of public assistance income are negatively related to the number of payday lenders. The study suggests that payday lenders do not target the most vulnerable groups in society (i.e. those on benefits), as they have limited capacity to repay loans. The same study also found a strong positive relationship between the number of payday lenders and the number of traditional banks in the same general geographic area. The study suggests that this correlation evidences a state of differing but complimentary service provision between payday lenders and traditional banks in an area.

5.1.9 Wheatley (113) revisits the work of Burkey et al (112). Wheatley concludes that the optimal market for payday lending businesses is in areas with large populations, high population density and lower levels of educational achievement. The study finds no evidence that payday lenders especially target the lowest income communities. The study suggests that policies that raise levels of education in an area may reduce the demand for payday lending services. Lee et al (108) found that both payday lenders and banks were predictors of crime. Lee et al therefore suggest that the link between payday lenders and crime may be due to both banks and payday lenders tending to be located in “busy places”. Such places bring people (especially non-residents) together and tend to include other businesses that attract crime, for example liquor establishments.

5.1.10 Smith et al (114) reach a different conclusion to Burkey et al’s (112) spatial distribution finding. In their US study of the spatial relationship between traditional banking services (banks) and alternative financial service providers (AFSPs)<sup>5</sup>, they found evidence that AFSPs fill a financial void due to the lack of mainstream financial institutions in the same area. The study also notes that generally AFSPs provide some of the financial services offered by mainstream financial institutions, but typically at a higher price and that AFSPs do not supply the types of products and services that foster asset creation. Consequently it is concluded that consumers heavily reliant on AFSPs (typically minority and low-income households) might forego valuable wealth-building opportunities due to a lack of mainstream banking options in their area.

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<sup>5</sup> AFSPs includes: check cashing outlets, payday lenders, pawnshops, rent-to-own stores, auto title lenders, and money transmitters.



- 5.1.11 Graves (104) analyses the site-location strategies of banks and payday lenders in the US and finds that disenfranchised neighbourhoods are simultaneously targeted by payday lenders and neglected by traditional banks.
- 5.1.12 In a US review of payday loans, Stegman (115) noted the viewpoint that the prolific growth and profitability of payday lending reflect the failure of mainstream financial institutions to meet working peoples' demand for short-term credit. This is echoed in the UK by Fuller (96) who notes that banks have moved away from debt-related services towards investment related products, becoming much less willing to lend money to customers with low incomes or service low-income accounts.
- 5.1.13 The literature seems to suggest two main mechanisms that govern the location of payday loan shops. That either traditional banks and payday lenders coexist where their services do not compete with one another (i.e. banks are not willing to lend those with sub-optimal credit histories short-term small sums); or if similar products are offered by both, that payday lenders only arise where traditional banking services have withdrawn their branches from an area (created a void).
- 5.1.14 In the case where banks (or credit unions) offering similar short-term low sum loans coexist with high numbers of payday lenders, a third mechanism may be operating. In a UK study Datta (116) estimated that 3 million people are excluded from mainstream credit sources in the UK and the recent financial crisis has increased levels of exclusion. The study suggests that low-paid migrant workers in London deliberately self-exclude themselves from mainstream financial services to keep their money safe from immigration/welfare authorities. This group is also reported to have limited access to formal credit and will often only deal in cash.
- 5.1.15 Gathergood (117) found that, in a representative sample of UK households, consumers who exhibit poor self-control make greater use of payday loans and are more likely to be in financial distress. Gathergood concludes that as the results suggest that consumers might benefit from less access to credit, individual choices may need to be restricted so as to prevent individuals from engaging in sub-optimal behaviour.
- 5.1.16 Morgan et al (118) however caution against ignoring the impacts of mainstream banking on financial hardship. The study raises the possibility that reducing payday loan shops may actually result in more costly use of bank overdrafts, as bouncing a check may cost more than a payday loan. They base this finding on an analysis from the US that shows both a decline in the number of returned ('bounced') checks and a decline in overdraft fee income at depository institutions when payday credit supply expands. Morgan et al (118) report that households frequently use payday loans to avoid bouncing checks, but are unable to do so when payday loan options are not available. This finding suggests that payday credit access helps households manage their financial affairs to avoid costlier alternatives, such as bank penalty charges.
- 5.1.17 Zinman (119) reached a similar conclusion, finding that when payday loans were restricted in the US, borrowers shifted to inferior substitutes, resulting in a deterioration in the overall financial condition of households. These findings are



significant in highlighting the importance of increasing access to alternative short-term credit (such as a credit union) as part of any attempt to control payday lenders.

## Conclusion

- 5.1.18 Payday lending is linked via issues of indebtedness and financial exclusion to reduced mental health outcomes. Common mental health disorders were most frequent amongst those people who used money lenders and who borrowed from multiple sources. Payday loans limit the capacity for people to build capital and reduce spending on health promoting activities, including healthy food. Health and wellbeing benefits from the local economy and employment may also be adversely affected due to less local spending and fewer small businesses.
- 5.1.19 Areas with high densities of payday lenders are generally characterised as having a population with large proportions from minority ethnic groups, having relatively low educational achievement and having income levels that are modest, i.e. levels of income that can manage repayments but are not large enough to cover unexpected expenses or fluctuations in earnings.
- 5.1.20 A key issue appears to be an inability for people with poor credit ratings to access mainstream financial services. Payday loans thus fill a void in financial service needs. Payday lenders tend to occur in communities where either traditional banks offer limited short-term low value credit options, or where banks do offer these products but have withdrawn their branches from that area. Where both traditional banks and payday lenders coexist it may be that significant proportions of the population are deliberately avoiding mainstream banking options due to mistrust over immigration or welfare monitoring.
- 5.1.21 A US profile of payday lenders (120) identified the use of multiple payday lenders either consecutively or simultaneously. Although there is some indication of brand loyalties, it seems likely that use of multiple payday lenders would be exacerbated in areas with clusters or high densities of payday loan shops.
- 5.1.22 The evidence shows there are clear associations between where payday loan shops are found and communities with poorer health or particular vulnerabilities to debt. Whilst it may be that the repeated exposure to payday lending opportunities is a significant factor in their uptake; there is limited evidence for a direct causal link between clustering of payday loan shops and poorer health outcomes. The scientific literature therefore falls short of supporting particular densities or exclusion/saturation distances for payday loan shops in an area.



## 6 Policy context

- 6.1.1 This section reviews the policy context for considering health and wellbeing in planning decisions and with a particular focus on change of use relating to betting shops and payday loan shops. We summarise policy at various levels: national; City-wide and borough.
- 6.1.2 Policies which set the framework for planning decisions require that physical and mental health and inequalities in health are taken into account. The review identifies health objectives that contribute to creating or maintaining mixed communities which could potentially be undermined by further clustering of betting shops and payday loan shops.
- 6.1.3 Planning policies are also concerned with the vitality of a neighbourhood and we suggest it is reasonable to conclude that the health and wellbeing of people living and working in that neighbourhood are integral to vitality.
- 6.1.4 We conclude with a consideration of two rulings in the Court of Justice for the European Union which has implications for the competition aspects of restricting entry to an existing market.

### 6.2 National

#### National Planning Policy Framework (2012)

- 6.2.1 The use of Article 4 Directions, to remove permitted development rights, is given in paragraph 200 of the National Planning Policy Framework (NPPF) (4). The NPPF aims to achieve sustainable development by supporting strong, vibrant and healthy communities (4). To this end its core planning principles include: taking account of and supporting local strategies to improve health, social and cultural wellbeing for all. The NPPF provides guidance for local planning authorities and decision-takers in drawing up plans and in what should be considered as material considerations in determining applications. The NPPF notes that to ensure that local planning authorities should work with public health leads and health organisations to understand and take account of the health status and needs of the local population, including expected future changes, and any information about relevant barriers to improving health and well-being: this will ensure that the Local Plan is based on adequate, up-to-date and relevant evidence (4).
- 6.2.2 The NPPF recognises the role of planning policies and decisions in promoting healthy and inclusive communities and in reducing inequalities in health. This is described in a recent briefing note on the Planning Practice Guidance website (121). Core Principle 8 of the NPPF, *Promoting Healthy Communities*, states that planning policies and decisions should:



- plan positively for the provision and use of community facilities (such as local shops, sports venues ...) and other local services to enhance the sustainability of communities and residential environments; and
- guard against the unnecessary loss of valued facilities and services, particularly where this would reduce the community's ability to meet its day-to-day needs.

6.2.3 Local Planning Authorities (LPA) must base planning decisions on the statutory plan. The plan includes both local and regional policy documents. Furthermore the LPA must take into account any other material considerations (122: S.38 (6)), including any national guidance and local supplementary planning documents.

6.2.4 LPAs are able to influence the proliferation of certain types of outlets through policies in development plans provided they are supported by a strong evidence base (123).

6.2.5 Local policy can be set out in a Supplementary Planning Document (SPD), as already implemented by Waltham Forest LBC since 2009 (124). However, there is in principle no reason why a local policy restricting certain premises could not be set out in a Development Plan Document (DPD) which would place it in the statutory plan.

### **Localism Act (2011)**

6.2.6 The Localism Act (125) is intended to give communities and local government greater freedom from central government; to give more freedom and flexibility to local government; and to reform the planning system, putting more power in local peoples' hands. It defines the general powers of competence of local authorities such that local authorities have the power to do anything not specifically forbidden by law (rather than the previous system that only allowed them to do things that were specifically allowed by law). This is intended to help councils to work more innovatively together to improve services, decrease costs and make decisions that will benefit their local area (126). The act also sets up provisions for devolving decision making from central government to individuals, communities and councils.

### **NHS Health and Social Care Act (2012)**

6.2.7 Local authorities have a duty to take such steps as considered appropriate for improving the health of the people in its area (127).

6.2.8 Boroughs have an enhanced role in improving public health in their area through the emerging 'health and wellbeing boards,' the Joint Strategic Needs Assessments (JSNA) process and the development and implementation of Joint Health and Wellbeing Strategies. These powers provide an opportunity to align strategies and programmes, including informing plan-making and development management. The Act puts local authorities in charge of driving public health improvement, pulling together the work done by the NHS, social care, housing, environmental health, leisure and transport services. Article 12 notes that "each local authority must take such steps as it considers appropriate for improving the health of the people in its area".



6.2.9 Article 12 goes on to state that appropriate steps include, providing facilities (defined as including the use of premises<sup>6</sup>) in a way designed to promote healthy living (including helping individuals to address behaviour that is detrimental to health).

## Gambling Act (2005)

6.2.10 The 2005 Gambling Act (see citation 18) determines the way in which betting shops should be licenced. Prior to the 2005 Act, the approval of local gambling licences was exercised by the Local Magistrates Court. Magistrates were able to apply a 'demand test' where licenses could be withheld if it was considered that the number of gambling premises exceeded anticipated demand in a particular area. There is no such provision in the Gambling Act (18) which, instead, makes a presumption in favour of the Local Authority granting an application.

6.2.11 LB Southwark may refuse to grant a licence for particular premises on the basis of demonstrating a clear link to:

- crime; or
- the exploitation of vulnerable persons; or
- harm to vulnerable persons.

6.2.12 There has been, to date, limited interface between the licensing of betting shops and practice of protecting and promoting the health of local residents (78). Public health should be a key stakeholder interest group making evidence-based representations on the impact of gambling licensed premises of local residents. More needs to be done at a local level to understand residents' needs in relation to problem and at-risk gambling. Health and Well-Being Boards and Joint Strategic Needs Assessments should facilitate cross-sector working, including conducting problem gambling 'needs assessment' at a local level.

6.2.13 The capacity for licencing to control betting shops therefore seems limited to revoking of licences rather than refusing them. Although there is scope for greater health involvement it is likely to require a demonstration that some form of threshold has been exceeded.

## 6.3 City-wide

### *London Plan*

6.3.1 The London Plan 2011 (128) is the overall strategic plan for London, and it sets out a fully integrated economic, environmental, transport and social framework for the development of the capital to 2031. It forms part of the development plan for Greater London. LB Southwark's local plans need to be in general conformity with the London Plan.

6.3.2 Policy 3.2 of the London Plan concerns improving health and addressing health inequalities. The policy notes that planning decisions should ensure that new

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<sup>6</sup> Health and Social Care Act 2012. Part 7, Article 150 (1) refers to the National Health Service Act 2006 definition (see section 275 of that Act).



developments are designed, constructed and managed in ways that improve health and promote healthy lifestyles to help to reduce health inequalities. It also states that the planning system can play a key role in promoting health and reducing health inequalities, which are often geographically concentrated with poor health closely aligned to poverty and deprivation.

6.3.3 With regard to local development frameworks (LDF) the London Plan notes that:

- boroughs should work with key partners to identify and address significant health issues facing their area and monitor policies and interventions for their impact on reducing health inequalities;
- LDFs should integrate health policies to promote the health and wellbeing of communities; and
- LDFs should ensure that the health inequalities impact of development is taken into account in light of the Mayor's Best Practice Guidance on Health Issues in Planning.

6.3.4 On 11<sup>th</sup> October 2013, the Mayor published *Revised Early Minor Alterations to the London Plan* (REMA) (129). From this date, the REMA are operative as formal alterations to the London Plan. The amendments state that new development should be supported by necessary and accessible health and social infrastructure, including a good array of local services (not just health services) to meet the needs of all the community. These policies seek to address the main health issues facing the capital, including mental health.

#### *Draft Further Alterations to the London Plan*

6.3.5 Policy 4.8 refers to supporting a successful and diverse retail sector and related facilities and services (130). It makes specific mention of managing clusters of uses and having regard to their positive and negative impacts on the objectives, policies and priorities of the London Plan. Betting shops are cited as an example whereby the planning process can manage negative impacts on a centre's vitality.

#### *Draft Town Centres Supplementary Planning Guidance*

6.3.6 The Mayor's draft Town Centres Supplementary Planning Guidance (January 2013) (131) states that across London there is an urgent need to enable local planning authorities to control the proliferation of betting shops and to address the implications this can have for maintaining the vitality and viability of town centres, and for protecting their amenity and safety. The Mayor recognises that betting shops have different impacts on local amenity than other types of use in the A2 class. The Mayor concludes that if the concentration of a use has reached saturation levels at or above which it has significant negative impact on the objectives, policies or priorities of the London Plan [such as policy 3.2 concerning health] and this negative impact outweighs benefits, local authorities can set thresholds at this level of saturation (i.e. the number or proportion of permissions or units for this use within a defined area), beyond which no further permissions will be granted that will breach this threshold.



## Best Practice Guidance – Health Issues in Planning

6.3.7 Regional Best Practice Guidance *Health Issues in Planning* (132) emphasises the link between planning and health outcomes. The guidance highlights the importance of putting physical, mental and community health objectives at the centre of plan making and planning decisions.

### Health inequalities strategy

6.3.8 The Greater London Authority Act (133) requires the Mayor to *promote the reduction of health inequalities between persons living in Greater London*. “Health inequalities” are defined as inequalities in respect of life expectancy or general state of health which are wholly or partly a result of differences in respect of general health determinants. The Act provides examples of health determinants but also notes that they include any other matters of personal behaviour or lifestyle that are or may be harmful to health. The potential for harm that problem gamblers or people with unsecured and unmanageable debt can experience would suggest that this duty would be undermined by increasing the density of betting shops and payday loan shops.

6.3.9 The GLA Act also requires the Mayor to develop a health inequalities strategy. This makes the following commitments that cover financial inclusion, financial literacy and which are relevant to the Article 4 Directions (134):

- Commitment 12 Maximise incomes for those not in paid employment by raising awareness and supporting take-up of entitlements, with better access to advice in a wider range of community settings.
- Commitment 14 Improve financial inclusion and literacy and increase financial security for people at points of transition in their lives
- Commitment 23 Manage public places across London to be safer and more inclusive.
- Commitment 27 Support the development of local leadership expertise and capacity to influence and ensure effective action to reduce health inequalities.
- Commitment 28 Ensure health inequalities considerations are systematically embedded in strategies, programmes and investment decisions.
- Commitment 29 Specify intended health inequalities outcomes and develop programme-specific targets in strategies and programmes impacting on social and economic determinants of health.
- Commitment 30 Build a stronger evidence base on effective interventions and the economic case for action on health inequalities, openly sharing learning and building knowledge.

## 6.4 Borough

### Joint Health and Wellbeing Strategy 2013/14

6.4.1 Southwark’s Joint Health and Wellbeing Strategy 2013/14 (135) aims to build healthier and more resilient communities and tackle the root causes of ill health. The strategy describes a shift towards prevention and earlier intervention and the need for integrated or joint working. Due to a high prevalence of mental health problems in Southwark, the strategy identifies mental health and wellbeing as a key priority area requiring a comprehensive cross-cutting strategy. The strategy notes the



influence of socioeconomic, environmental and cultural factors. The strategy concludes that the solution will include helping people to change unhealthy behaviours and improving the quality of local neighbourhoods to help communities flourish.

### *Southwark Plan*

6.4.2 The Southwark Plan is part of the Development Plan (along with the Core Strategy and London Plan). Some of the detailed Southwark plan policies were 'saved' in July 2010 with permission from the Secretary of State (136). In the Southwark Plan saved Policy 1.7 notes that existing town and local centres should be where most new developments for retail and other town centre uses are accommodated.<sup>7</sup> The policy for permitting developments in these areas include: ensuring that the proposal will not harm the vitality and viability of the centre; and the proposal will not harm the amenities of surrounding occupiers. The policy goes on to note that changes of use between Class A uses should be carefully considered to ensure that proposals would not result in an over-dominance of one particular use (other than A1 shops). Saved Policy 1.9: reiterates these criteria (amongst others) and designates certain protected shopping frontages where there is a particular need for careful management of use designations for the benefit of local communities (136).

### *Core Strategy*

6.4.3 Southwark's Core Strategy (137) is part of the Development Plan. The strategy states that improving health is a cross-cutting theme. Policy 3 describes the strategic aim of maintaining a network of successful town centres with a wide range of shops, services and facilities. Policy 4 stresses the importance of developments promoting healthy lifestyles and addressing negative impacts on physical and mental health.

### *Sustainable Community Strategy*

6.4.4 Southwark's Sustainable Community Strategy (138) has a key action of tackling the wider issues that determine health, such as poverty, poor environment and the impact of crime. The strategy also aims to promote opportunities for people to manage their finances wisely and reduce the impact of unavoidable debt, through encouraging loans and insurances through responsible agencies and promoting financial education.

### *Economic Wellbeing Strategy 2012-20*

6.4.5 Southwark's Economic Wellbeing Strategy 2012-20 (139) notes that the challenges faced by many individuals and families in Southwark are often multifaceted, and can include health issues, limited work, managing incomes and keeping out of debt. The strategy discusses the need to protect land for employment use and ensure the right policies are in place to optimise land use, including taking a balanced view on the many different land use needs. The strategy aims for high-streets to benefit from a

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<sup>7</sup> The major town centres are: Elephant & Castle (including Walworth Road); and Peckham. The district town centres are: Canada Water; Bankside and The Borough; London Bridge; Camberwell; and Lordship Lane. The local centres are: Herne Hill; The Blue; Dulwich Village; and Nunhead.



greater mix of uses, attracting more visitors for shopping and leisure and for credit unions to be more widely used, with a reduction in dependence on payday loans.

### Area Action Plans

6.4.6 Area Action Plans (AAP) provide specific policies and further detail to shape development in certain parts of the borough. As an example, the draft Peckham and Nunhead AAP (140) sets out policies to get the type of development needed to support a healthy, safe and prosperous community. The AAP notes there are a high number of financial services outlets including twelve payday loan/money transfer shops and nine gaming/betting shops in its protected shopping frontages. Consultation on the AAP called for action on the proliferation of betting shops and payday loan shops. The AAP puts forward a preferred policy to promote regeneration of the area, however the AAP concedes that the policy cannot address the proliferation of betting shops and payday loan shops because this cannot be changed under its planning policy powers. Concern was raised that it is unclear how the town centre policies will meet the diverse needs of local residents, given that there is lack of power to control the proliferation of betting and payday loan shops.

## 6.5 Court of Justice for the European Union

6.5.1 A case from the Court of Justice for the European Union (141;142) was concerned with an Italian policy to impose minimum distances between licensed betting operators. The Italian Government justified this policy and the unequal treatment it affords prospective operators by stating that it was in the public interest in two ways.

- Restricting entry to the market for new operators would prevent consumers, who live close to betting establishments, from being exposed to an excess of supply.
- Rules on minimum distances would ensure the uniform distribution of betting outlets throughout the national territory and they would prevent the doubly harmful outcome which the accumulation of betting establishments in certain locations might have for consumers: for those who live close to such locations, exposure to excess supply; and for those who live in the most 'poorly supplied' areas, the risk of opting for clandestine betting or gaming.

6.5.2 The Court rejected both public interest arguments and pointed to other Italian policies that increased access to gambling. The Court also found that rules on minimum distances conferred a competitive advantage on existing operators.

6.5.3 According to the Court, a system of minimum distances between outlets would be justifiable only if such rules did not have as their true objective the protection of the market positions of the existing operators, rather than the objective of channelling demand for betting and gaming into controlled systems (143).

6.5.4 This case illustrates that policies that appear to provide for unequal treatment (e.g. between existing and prospective businesses) must show overriding reasons in the public interest for this differential treatment. Any policies that are advanced using this public interest argument must also be consistent with, and not undermined by, other areas of policy.



- 6.5.5 In a second case (144) in September 2013 the European Court of Justice, stated that member states cannot restrict the national gambling market to protect the commercial interest of incumbents or for other economic reasons. The ruling found that a minimum distance between gambling outlets could ultimately ensure the maintenance of pre-existing commercial positions. The Court ruled that this was against EU law. The resolution underlines that as long as a licensed gambling company is operating within the law in one Member State, there should be no reason to prevent said company from freely operating in other Member State.
- 6.5.6 Although Southwark Council is not currently proposing specific distances between outlets, the principle is being considered by other boroughs. For example, the London Borough of Barking and Dagenham has a draft supplementary planning document (SPD) containing a number of suggestions, including a 400-metre exclusion zone around existing betting premises to prevent them from opening next to each other (145;146).
- 6.5.7 In using an Article 4 Direction Southwark Council should be mindful not to inadvertently provide an advantage to existing betting shops over other gambling companies (including from other EU states) that wish to establish in the borough. Careful consideration should also be given as to whether the objective of increasing vitality and viability of town centres falls within restricting the gambling market for 'other economic reasons'.

## 6.6 Conclusion

- 6.6.1 We have seen that national policies relevant to this issue (4;127) clearly identify health and wellbeing as an important consideration in the planning of local communities and that responsibility lies with local authorities. In a national context London is an unusual case in that the Mayor has a range of powers and duties that span the boroughs: these include the duty to promote the reduction of inequalities in health (133).
- 6.6.2 City (128-132;134) and borough (135-140) plans, strategies and guidance notes similarly identify the importance of maintaining and protecting health and wellbeing and of reducing health inequalities.
- 6.6.3 These objectives may be undermined by the clustering of betting shops as there are adverse health effects, identified in the evidence review, associated with these types of venue. The evidence for health effects arising any clustering of payday loan shops is less clear.
- 6.6.4 Betting shops require a licence from the local authority to operate. There are no additional licencing controls open to the local authority covering where a payday loan business can operate. Payday loan shops currently require a consumer credit licence from the OFT, this will change to the Financial Conduct Authority (FCA) in April 2014.
- 6.6.5 The rulings from the European Court of Justice also emphasises how important it is to be aware of, and to justify, any unequal treatment that may result from a policy and to ensure that it is balanced by an overriding public interest in protecting a social



objective without inadvertently protecting the market position of existing betting shops and pay-day lending shops.



## 7 Mapping and indicators

7.1.1 A qualitative assessment was made of mapping provided by Southwark Council showing the location of betting shops and payday loan shops in relation to available indicator data. This analysis has not used statistical or quantitative methods and is therefore subjective in nature. The aim has been to identify broad trends. No assessment has been made of significance or causation. The map together with additional information on the analysis is provided in [Appendix E](#). The following points summarise the findings:

### Betting shops

- 7.1.2 All clusters of betting shops in Southwark are associated with the most deprived areas.
- 7.1.3 All clusters of betting shops in Southwark are associated with the most health deprived areas.
- 7.1.4 Clusters of betting shops in Southwark tend to be located in areas of moderate income deprivation, not the most income deprived communities.
- 7.1.5 Clusters of betting shops in Southwark tend to be located in areas of moderate to high employment deprivation.
- 7.1.6 The majority of clusters of betting shops in Southwark are located in areas of high crime deprivation (5th quintile); the remaining two clusters are located in areas of moderate crime deprivation.
- 7.1.7 With the exception of two clusters, the remaining clusters of betting shops in Southwark are located in areas of low or very low wellbeing (4th or 5th quintiles).
- 7.1.8 The location of GP surgeries in Southwark with above average levels of depression corresponds broadly to the location of clusters of betting shops.
- 7.1.9 The location of GP surgeries in Southwark with above average levels of serious mental health conditions corresponds broadly to the location of clusters of betting shops.

### Payday loan shops

- 7.1.10 All clusters of payday loan shops in Southwark are associated with the most deprived areas.
- 7.1.11 Clusters of payday loan shops in Southwark tend to be located in areas of high or moderate health deprivation.



- 7.1.12 Clusters of payday loan shops in Southwark tend to be located in areas of moderate income deprivation, not the most income deprived communities.
- 7.1.13 Clusters of payday loan shops in Southwark tend to be located in areas of moderate to high employment deprivation.
- 7.1.14 All clusters of payday loan shops in Southwark are located in the areas with the highest crime deprivation (5th quintile).
- 7.1.15 All clusters of payday loan shops in Southwark are associated with moderate, low or very low wellbeing scores.
- 7.1.16 The location of GP surgeries in Southwark with above average levels of depression corresponds broadly to the location of clusters of payday loan shops.
- 7.1.17 The location of GP surgeries in Southwark with above average levels of serious mental health conditions corresponds broadly to the location of clusters of payday loan shops.



## 8 Appendices

<a href="#">Appendix A: Planning decisions that have taken health and wellbeing into account</a> .....	page 54
<a href="#">Appendix B: Case studies of payday loan experiences in Southwark</a> .....	page 67
<a href="#">Appendix C: Interviewees</a> .....	page 71
<a href="#">Appendix D: Health information and advice and planning decisions</a> .....	page 72
<a href="#">Appendix E: Mapping and indicators for Southwark</a> .....	page 76



## Appendix A: Planning decisions that have taken health and wellbeing into account

- A.1. This section provides a range of examples of planning decisions for use class changes that have taken into account issues discussed in this report. Although health is not always explicitly mentioned, issues often include amenity and the wider determinants of health. The examples are presented in three sections:
- betting shops;
  - payday loan shops; and
  - other A2 use class changes.
- A.2. The final category is included to demonstrate that there is evidence for differential treatment of betting shops or payday loan shops compared to other A2 use class changes. For example an application for change of use to a bank may be seen as maintaining vitality and viability whilst a change of use to a payday loan shop may not. This may be an important distinction when using an Article 4 Direction, as it would be undesirable for the control of payday loan shops to also discourage mainstream financial services which provide more responsible borrowing options.
- A.3. The following section provides a summary of the key learning points from the planning decisions described in this appendix.

### *Betting Shops*

- A.4. In a 2013 Manchester appeal, the presence of four betting offices within a district centre was considered an important local context issue. It was found unlikely that a further betting shop would increase footfall to the area. As there were several vacant premises a use that did not increase footfall was considered harmful. These local context issues were considered more important than particular targets in the Core Strategy for retail occupancy.
- A.5. In a 2013 Harrow appeal the proximity of two existing betting shops and the presence of five others within a short distance, made it unlikely that a further betting shop would attract new customers to the area. Furthermore the window display of a betting shop was found not to contribute to a varied and lively frontage.
- A.6. In a 2013 Oxford appeal it was concluded that the purpose of a retail use threshold is to ensure a mix of uses serving the needs of the neighbourhood. Falling just below this threshold was found to be sufficient to deny the application for a betting shop.
- A.7. In a 2013 London appeal planning conditions are found to be ineffective in preventing a change of use to a betting shop. The case also showed that clustering needs to be demonstrated within a relatedly small area, as in the context of the extended town centre the representation is proportionately lower and harder to justify as an over concentration. The case for not relying on licencing requirements should be made to avoid planning decisions transferring responsibility to licencing, which are under a presumption to grant applications from the Gambling Act 2005.



- A.8. In a 2013 London appeal there was a need to show links to government policy, not just government reviews highlighting concerns over betting shops. There was also a need to evidence the causal relationship between betting shops and crime.
- A.9. In a 2013 London appeal showed that the argument for overconcentration of betting shops is only likely to be effective where there is a clear geographical cluster and this corresponds to local indicator data for adverse outcomes.
- A.10. In a 2012 south coast appeal the inspector found no evidence that a further betting shop would bring significant trade to the shopping area in the face of existing competition from other betting shops.
- A.11. In a 2012 Middlesex appeal an extension in the opening hours of a betting shop had the capacity to adversely affect the amenity of local residents.
- A.12. In a 2012 Dorset appeal a betting shop was materially different from a retail use due to its non-retail nature and generally less active front windows.
- A.13. In a 2011 London appeal lack of clear local policy to reduce cluster of betting shops undermined the case for their control. Furthermore it was concluded that to claim adverse impacts from over concentrations of betting shops, such clusters needed to already exist, not be likely to occur as a result of the planning decision.
- A.14. In a 2011 London appeal a betting shop was refused permission in order to retain a balanced mix for uses in an area, even where leisure uses have come to dominate.
- A.15. In a 2011 Northamptonshire appeal a betting shop was unable to claim benefits from linked shopping trips as linked trips are less likely to occur where the retail mix had become eroded.
- A.16. In a 2011 London appeal an inspector placed great weight in anecdotal evidence from local residents and shopkeepers that five other betting offices in the core shopping area gave rise to antisocial behaviour, crime and disturbance, despite it not been established whether such levels were abnormally serious. The inspector commented that he found the accounts of people familiar with the area more persuasive.

### *Payday loan shops*

- A.17. In a 2012 appeal in Southwark a payday loan shop which also provides other services was granted planning permission as it argued greater footfall and more attractive window frontages. A condition to prevent other A2 use classes was considered appropriate to protect local amenity.

### *Other Class A2 use change*

- A.18. In a 2013 Norfolk appeal a bank was considered one of a normal range of services found within a town centre and generates a similar number of trips as a shop.
- A.19. In a 2012 Lincolnshire appeal it was found that banks generate customers, bring linked trips to other businesses and contribute to the vitality and viability of the area.



- A.20. In a 2012 Manchester appeal reliance on a 'high level' policy was too broad brush and more locally based policies were of greater relevance.
- A.21. In a 2011 Oxfordshire appeal vacant or underused premises were not seen to contribute to vitality and vibrancy, so bringing such properties back into full economic use was afforded high priority.

## Betting Shops

- A.22. In May 2013 an appeal was dismissed in Manchester for a change of use to a betting shop in a prominent frontage.<sup>8</sup> The Inspector noted that local context is very important, and an important part of the local context in this particular case is that there are already four betting offices within this district centre. The inspector goes on to note that although the appellant (betting shop owner) has provided evidence of other appeal court decisions allowing betting shops, none of the previous appeal decisions provided by the appellants refer to existing betting offices nearby on the same scale. The inspector states that it is difficult to see why additional people would be attracted to the area given the existing service provided by the other betting shops nearby. That view tallies with an appeal decision of April 2013 at Harrow (see below). The inspector found that a further betting shop would be unlikely to result in any increase in footfall overall, and given the extent of vacant uses this would be harmful; in contrast a retail use would contribute more to the vitality and viability of the district centre. The inspector concludes that such local context matters are more important than applying the Core Strategy targets for the proportion of non-retail uses within the Primary Shopping Area. The appeal was dismissed and permission for change of use denied.
- A.23. **Key issues:** Presence of four betting offices within the district centre was considered important local context. It was found unlikely that a further betting shop would increase footfall to the area. As there were several vacant premises a use that did not increase footfall was considered harmful. These local context issues were considered more important than particular targets in the Core Strategy for retail occupancy.
- A.24. In the Harrow appeal<sup>9</sup> the inspector noted that in view of the proximity of two existing betting shops, and the presence of five others within a short distance, it was unlikely that the proposed betting shop would attract new customers to the Metropolitan Town Centre. The inspector also noted that while betting shops usually provide a window display, this is generally of an opaque type that offers only restricted views of the interior. It is an inactive display that is unlikely to contribute to the varied and lively frontages of the Metropolitan Town Centre, adversely impacting on the vibrancy and appearance of the core primary shopping area. The inspector concluded that the change of use to a betting shop would result in the loss of a retail shop adversely affecting the vitality and viability of the core area of the primary shopping frontage. The change of use was denied.

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<sup>8</sup> The Planning Inspectorate. Appeal Decision. Appeal ref APP/B4215/A/13/2193520. 31 May 2013.

<sup>9</sup> The Planning Inspectorate. Appeal Decision. Appeal ref APP/M5450/A/12/2187570. 23 April 2013.



- A.25. **Key issues:** the proximity of two existing betting shops and the presence of five others within a short distance, made it unlikely that a further betting shop would attract new customers to the area. Furthermore the window display of a betting shop was found not to contribute to a varied and lively frontage.

#### *Betting shop use would harm retail health*

*Inspector Jim Metcalf; Written representations*

*Friday, 26 July 2013, dcservices.co.uk*

- A.26. The change of use of a shop in an Oxford district centre to a betting office was rejected because it would harm its vitality and viability. A local plan policy stated that in district centres planning permission would only be granted for changes from Class A1 to other Class A uses where the proportion of units at ground floor level in Class A1 use would not fall below 65 per cent of the total units in the centre. The use of the premises as a licensed betting office would reduce the number of retail units to 70, or 62.5 per cent of the units in the centre, the inspector noted. He acknowledged that with one unit involved the retail function might not be substantially reduced but reasoned that the purpose of a threshold was to ensure that the mix of uses served the needs of the neighbourhood. In this context he was not persuaded by the argument that the change in the balance of uses would only be marginal or mathematical.
- A.27. **Key issues:** the purpose of a retail use threshold is to ensure a mix of uses serving the needs of the neighbourhood. Falling just below this threshold was found to be sufficient to deny the application for a betting shop.

#### *Condition prohibiting betting shop lifted*

*Inspector Isobel McCretton; Written representations*

*Friday, 05 July 2013, dcservices.co.uk*

- A.28. A condition prohibiting the change of use of a letting agency in north London to a betting shop was deleted despite concerns that it would lead to an over-proliferation of betting shops in the area. Planning permission had been granted for the change of use of the former shop to a letting agency subject to a condition that, notwithstanding the provisions of the use classes order, it should not be used as a betting shop. In granting the permission, the council recognised that the proportion of non-retail uses in the shopping centre exceeded the 33 per cent maximum set out in a unitary development plan policy. However, the property was vacant with an extant permission for an adult gaming centre. The council now considered that, as the unit was occupied, there would be no wider benefit in allowing a betting shop use in terms of improving the viability and vitality of the town centre. The council argued that there were already six other betting shops within a 500m radius of the site and that the change of use of the appeal premises to a betting shop would result in an excessive concentration of betting shops. However, a survey by the appellants showed that two of the six were no longer open. They calculated that, of around 200 premises in the extended town centre and 139 in the primary and secondary shopping frontages, the four betting offices represented only two or three per cent of the total. It seemed to the inspector that this did not represent an undue concentration. The inspector recorded that a betting office could not open without a licence from the gambling commission and a premises licence



from the licensing authority. She noted that the council, through its licensing function, had considerable powers to control betting shops as set out in the council's gambling policy. She explained that licensing took account of factors which included the levels of crime and disorder in an area, the ability to demonstrate high levels of management and the levels of deprivation in the area. Given the powers of the licensing authority and the lack of problems with existing betting offices in the area, she did not consider that there was a justification for imposing the condition in terms of community safety and amenity.

- A.29. **Key issues:** planning conditions are unlikely to be effective in preventing a change of use to a betting shop. Clustering needs to be demonstrated within a relatedly small area, as in the context of the extended town centre the representation is proportionately lower and harder to justify as an over concentration. The case for not relying on licencing requirements should be made to avoid planning decisions transferring responsibility to licencing, which are under a presumption to grant applications from the Gambling Act 2005.

#### *Betting shop concentration concern improbable*

*Inspector David Richards; Written representations*

*Friday, 14 September 2012, dcservices.co.uk*

- A.30. A condition which had been imposed on a planning permission in east London was deleted because it was unnecessary to prevent its use as a betting shop. The premises were currently occupied by Burger King who was due to close and a betting shop operator had expressed an interest in occupying the unit. The council however was concerned that a further betting shop would undermine the vitality of the centre and increase the risk of crime and anti-social behaviour. It stated that the top three betting offices which were linked to anti-social behaviour were sited in the same high street as the appeal site and it asserted that a further unit would increase on street drinking and rowdy behaviour. In assessing this matter the inspector noted that the high street in general was the main hotspot for crime and related activities particularly in respect of gambling outlets. There was also a widespread perception that a high number of betting shops was linked to the decline of the high street and the government's analysis of such areas entitled the 'Portas review' identified the influx of such uses in low income areas as having the potential to blight particular locations and deter retail investment. Nonetheless the council's data contained a number of variables and in his opinion it was difficult to prove that a further betting shop would have the sort of deleterious impact the council alleged. In his opinion the council had not demonstrated a direct causal relationship between the number of such outlets and the incidence of crime in the area. The 'Portas review' was not government policy and consequently this could be afforded only little weight in his decision.
- A.31. **Key learning:** There is a need to show links to government policy, not just government reviews. There is a need to evidence the causal relationship between betting shops and crime (or health).

#### *Betting shop concentration harm rejected*

*Inspector Gary Deane; Written representations*

*Friday, 13 July 2012, dcservices.co.uk*



- A.32. The introduction of a betting shop in east London was secured notwithstanding the council's concern that it would undermine its regeneration objectives and would adversely impact on the vitality of existing centres. An inspector noted that the existing vacant unit was within a parade of shops. There were no betting shops within the parade and the nearest outlet was over 300 metres from the site. This did not suggest that there was an over-concentration of such uses. Similarly, a nearby local centre appeared to be reasonably busy and there was little evidence to suggest that its vitality would be undermined. Therefore, although there were some problems of antisocial behaviour and crime linked to betting shops in the borough, the appeal site did not lie within a crime 'hot spot', and effective management of the business would reduce the likelihood of antisocial behaviour. A partial award of costs in favour of the appellant was made in dealing with the council's claims that the scheme would lead to an over-concentration of such uses and adversely impact on the vitality and viability of existing centres. Little evidence had been submitted to substantiate these concerns.
- A.33. **Key learning:** The argument for overconcentration of betting shops is only likely to be effective where there is a clear geographical cluster and this corresponds to local indicator data for adverse outcomes.

#### *Lack of evidence to support betting use in vacant shop*

*Inspector Barry Scott; Written representations*

*Friday, 08 June 2012, dcservices.co.uk*

- A.34. The use of a vacant retail unit in a south coast shopping centre as a betting shop was turned down because it would harm its vitality and viability. A previous appeal for the change of use had been dismissed but the appellant argued that since that time various matters favoured the proposal. These included the recently published NPPF, the availability of better evidence and an absence of harm resulting from the continued vacant status of the premises. The NPPF required planning authorities to support the viability and vitality of town centres, an inspector noted. He found that relevant local plan policies were consistent with the provisions of the NPPF, noting that emphasis was given to the importance of maintaining the continuity of shopping frontages. Evidence produced since the previous appeal decision concerned the occurrence of vacancies, shopping usage and customer surveys, retail capacity elsewhere, analysis of turnover changes at other betting shops and evidence from other appeal decisions. The inspector found, however, that the evidence was inconclusive due to the absence of critical information. Whereas elsewhere betting shops were shown to have improved their performance in the face of new competition there was nothing to show how it had been achieved, whether through behavioural, economic, numeric or geographic changes in the respective catchment populations. He was therefore unable to conclude that the development would bring significant trade to the shopping area in the face of existing competition to compensate for that lost through a retail use. He accepted that the shopping centre was vibrant to the extent that it had been able to carry the effect of the vacant premises during a time of recession. He considered, however, that without the results of rigorous and robust marketing it could not be concluded that the proposal would benefit the area in place of the retail use, in terms of mutually supporting services and facilities. The inspector reasoned that in the absence of compelling evidence to the contrary the adverse impact arising from the vacant



premises might be temporary. On the other hand, the adverse impact arising from the permanent loss of an A1 use would significantly and demonstrably outweigh the benefits of the A2 use, he concluded.

- A.35. **Key issues:** the inspector found no evidence that a further betting shop would bring significant trade to the shopping area in the face of existing competition from other betting shops.

#### *Betting shop hours restriction reasonable*

*Inspector Nicola Linihan; Written representations*

*Friday, 01 June 2012, dcservices.co.uk*

- A.36. An appellant failed to secure an extension in the opening hours of a betting shop within a Middlesex town centre on the basis that it would adversely affect the amenity of local residents. The disputed condition, attached to a permission which authorised the change of use from a shop, stipulated that the premises could open between 8.30am and 10pm on Mondays to Saturdays and between 10am and 5pm on Sundays and bank holidays. The appellant claimed that other betting shops in the area could open at 8am and he wished a similar allowance for his business with new hours restricted to between 8am and 10pm every day of the week including bank holidays. The site was located on a busy main street, an inspector observed, which itself generated a level of noise and disturbance. Moreover, local residents living in adjoining side streets had not objected. This did not dissuade the inspector from ruling that the extension in the opening hours would nonetheless have the capacity to adversely impact on the amenity of neighbouring residents. Just because a degree of noise and disturbance took place did not mean that a relaxed approach should be taken to proposals which would lead to an increase in such activity. The advantages to the appellant's business did not outweigh this concern.

- A.37. **Key issues:** an extension in the opening hours of a betting shop has the capacity to adversely affect the amenity of local residents.

#### *Betting shop undermines retail function*

*Inspector Michael Hetherington; Written representations*

*Thursday, 05 April 2012, dcservices.co.uk*

- A.38. The change of use of a shop in a town centre in Dorset was judged to be unduly harmful to the retail function and vitality of the town. The premises had formerly housed a mobile phone shop and lay within a primary retail frontage. The council estimated that only 63 per cent of the units were in retail use which fell below a 75 per cent minimum set out in a local plan policy. The appellant claimed, however, that a betting office would generate a high level of customers and would assist in reducing the 18 per cent level of vacant units within the retail frontage. An inspector accepted that the vacancy level was above the level for the town as a whole, noting that since the appellant's survey had been undertaken some had been re-occupied. The unit had become vacant at the end of 2010 and in his opinion this was not an overly long period. A betting shop was materially different from a retail use due to its non-retail nature and generally less active front windows. Introducing another non-retail use would reduce the proportion of shops in the frontage to less than 57 per cent and despite the



claimed levels of customer attraction, this would diminish the retail function of this part of the town.

- A.39. **Key issues:** A betting shop is materially different from a retail use due to its non-retail nature and generally less active front windows.

#### *Betting shop approved with costs to appellants*

*Inspector Christine Thorby; Written representations*

*Friday, 25 November 2011, dcservices.co.uk*

- A.40. The change of use of a shop in an east London district centre was allowed with an inspector also ruling that the council had acted unreasonably in refusing permission. The council alleged that the scheme would undermine the vitality and viability of the centre and drew attention to other betting shops in the area. It asserted that a cluster of such outlets would arise if the appeal were allowed which would also be more likely to stimulate antisocial behaviour and crime. The inspector noted that the site lay within a secondary shopping frontage where the council's UDP judged them to be acceptable. The council's claim that betting shops should be excluded from other Class A2 uses because they contributed to a poor quality environment was unfounded, as was the suggestion that a cluster of such outlets would arise. Other businesses were spread out within the centre on different parades and roads. In so ruling the inspector concluded that the council had failed to demonstrate why betting shops should be treated differently from other Class A2 uses which were judged by its own UDP to be acceptable in secondary shopping areas. Moreover, the evidence to suggest an over-concentration of betting shops or other incompatible uses was lacking and in total this amounted to an unreasonable refusal of permission.

- A.41. **Key issues:** lack of clear local policy to reduce cluster of betting shops may undermine the case for their control. To claim adverse impacts from over concentrations of betting shops, such clusters need to already exist, not be likely to occur as a result of the planning decision.

#### *Betting shop would harm mixed use character*

*Inspector Nicholas Taylor; Written representations*

*Friday, 04 November 2011, dcservices.co.uk*

- A.42. The change of use of a souvenir shop in central London to a betting shop was turned down because it would harm the retail function of the area. An inspector considered that the lively and comprehensive mixture of retail and commercial uses at ground floor level, with office and residential accommodation above, was the essence of the character and function of the area rather than the predominance of any one use. He noted the appellant's arguments that with the proliferation of restaurants and cafes the road should be allowed to become a leisure destination, that allowing an A2 use would enhance the area's commercial viability and that the character of the road would deteriorate if an inflexible policy were applied. He considered, however, that the remaining A1 retail uses played a very important part in maintaining a balance that was essential to the vitality of the area and its role in providing services to residents, workers and businesses. He concluded that the proposed change of use would harm the mixed use character of the road and thereby conflict with development plan policy



to maintain an appropriate balance of uses in the area. It would lead to a concentration of more than three non-retail uses, also contrary to development plan policy.

- A.43. **Key issues:** There is a need to retain a balanced mix for uses in an area, even where leisure uses have come to dominate.

#### *Betting shop would dilute retail mix*

*Inspector John Wilde; Written representations  
Friday, 30 September 2011, [dcservices.co.uk](http://dcservices.co.uk)*

- A.44. The change of use of a shop in a town centre in Northamptonshire to a betting office was rejected despite claims by the appellants that it would generate a similar level of pedestrian movement and linked trips. The premises were located within the primary shopping area. An inspector decided that the appeal had to be determined on its individual merits and not by reference to the decisions of other inspectors in different town centres. The frontage already contained a very high proportion of premises in non-retail use and increasing the proportion with a further non-retail use would dilute the retail mix. Linked shopping trips were less likely to occur where the retail mix had become eroded, he decided, and allowing a short term fix to the letting of a vacant unit was not acceptable where it would undermine the retail function of the town as a whole. In so ruling the inspector refused to make an award of costs in favour of the council who claimed that the appellants had fundamentally misunderstood a policy within its area action plan. The latter it asserted, unambiguously excluded Class A2 uses from primary shopping areas. The inspector decided that there was no evidence for him to conclude that the appellants had purposefully misunderstood the policy and in any event they had submitted evidence to try and demonstrate that a betting office would contribute to the centre's vitality due to the level of footfall and linked trips. The fact that a previous appeal had failed in 2008 did not mean that the scheme had no reasonable prospect of success.

- A.45. **Key issues:** A betting shop was unable to claim benefits from linked shopping trips as linked trips are less likely to occur where the retail mix had become eroded.

#### *Betting office would lead to antisocial behaviour*

*Inspector David Smith; Written representations  
Friday, 26 August 2011, [dcservices.co.uk](http://dcservices.co.uk)*

- A.46. An inspector redrafted a condition restricting the use of premises in southeast London to a building society in order to allow other A2 uses, but refused to sanction its use as a betting shop because it would increase antisocial behaviour. The inspector pointed out that the proposal would not lead to the loss of a retail use and so would not harm the vitality or viability of the high street, as feared by the council. However, he noted that there was a strong body of evidence from local residents and shopkeepers that the five other betting offices in the core shopping area gave rise to antisocial behaviour, crime and disturbance. Representations referred to feelings of being intimidated and threatened by groups of people hanging around outside betting offices. There was a persistent thread of concerns about associated drinking, drug taking and begging as well as reports of verbal abuse, fighting and shouting. The appellant company regarded these views as subjective and prejudiced. The inspector acknowledged that the



information provided was anecdotal but he reasoned that the frequency of the views being expressed painted a clear picture of the nature of the problems being experienced. The local police sergeant also believed that another such venue would add to crime in the area. The inspector found that the evidence, such as that provided by the licensing officer, showed that betting offices in the area were associated with crime. However, it had not been established whether it was abnormally serious. He found the accounts of people familiar with the area more persuasive and judged that the evidence that premises in the high street acted as a magnet for miscreants was compelling. The inspector concluded that the proposal would be likely to increase antisocial behaviour and disturbance although the implications for crime were less certain.

- A.47. **Key issues:** an inspector placed great weight in anecdotal evidence from local residents and shopkeepers that five other betting offices in the core shopping area gave rise to antisocial behaviour, crime and disturbance, despite it not been established whether such levels were abnormally serious. The inspector commented that he found the accounts of people familiar with the area more persuasive.

### Payday loan shops

- A.48. On 17<sup>th</sup> April 2012 Bermondsey Community Council refused planning permission for a payday loan shop to open on Tower Bridge Road, London (147). It was reported that Councillors noted:
- That the application was contrary to their Core Strategy of reducing inequalities.
  - That alterations to the National Planning Policy Framework (NPPF) now enable councillors to consider the social and environmental consequences of development as well as economic sustainability.
  - In answer to suggestions that the new planning guidelines had yet to be tested on appeal, Cllr Mark Gettleson is quoted as saying: "Someone has to test the NPPF and it might as well be us."
- A.49. An appeal in this case was allowed and planning permission granted in March 2013<sup>10</sup>. In this case the shop provided cheque cashing facilities, foreign currency exchange, money transfer, pawn-brokering, gold purchase and jewellery sales in addition to cash loans. The inspector noted that the critical question was: would the proposed A2 financial and professional services use amount to a sustainable form of development serving to sustain the vitality and viability of Tower Bridge Road Shopping Area in accordance with local and national policy aims. The inspector concluded that the footfall generated by the change of use, as well as an active frontage in what would otherwise be a vacant premises would enhance the area and create jobs. However, conditions on opening hours and maintaining a street level window display were attached to this decision. Furthermore that inspector notes that a condition to preclude other types of operation within the A2 use class would be justified in this case based on the potential for serious effects on amenity or the environment.

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<sup>10</sup> The Planning Inspectorate. Appeal Decision. Appeal ref APP/A5840/A/12/2182513. 22 January 2013.



- A.50. **Key issues:** a payday loan shop which also provides other services may be more likely to gain planning permission as it can argue greater footfall increase and more attractive window frontages. A condition to prevent other A2 use classes was considered appropriate to protect local amenity.

## Other Class A2 use change

### *National bank impact on town centre positive*

*Inspector John Cheesley; Written representations*

*Thursday, 27 June 2013, dcservices.co.uk*

- A.51. The change of use of a shop in a Norfolk town centre to a bank won support from an inspector who determined that it was likely to generate as many trips as a retail use. Barclays Bank Plc accepted that the site lay within a primary shopping frontage and it planned to create a modern banking outlet through closing two smaller outlets within the centre. It would also ensure that over 50 per cent of the units within the frontage remained in retail use. The inspector noted that there were other financial and professional uses in the area but these were dispersed. The bank would appear as one of a normal range of services found within a town centre and generating a similar number of trips as a shop. He opined that with or without another permitted bank use within the frontage, there would not be an over-concentration of such uses and it would not deter people from visiting this part of the town centre.
- A.52. **Key issues:** The bank is one of a normal range of services found within a town centre and generates a similar number of trips as a shop.

### *Bank contributes to town centre vitality*

*Inspector George Baird; Written representations*

*Friday, 13 April 2012, dcservices.co.uk*

- A.53. Lloyds Banking Group secured permission for the change of use of a shop in a Lincolnshire town centre because it would attract as many customers as retail uses. The site lay within a protected shopping frontage where the loss of a retail unit would be supported only where special advantage could accrue to the vitality and viability of the centre. An inspector noted that the term 'special advantage' was not defined. The scheme would generate customers and linked trips to other businesses. It would also not result in a noticeable over-concentration of such units within the immediate area. No interest from retailers had been shown in the unit despite a 25 per cent reduction in the rent and alternative locations suggested by the council were also subject to the 'special advantage' test. Bringing the unit back into beneficial use would be a positive benefit and would contribute to the vitality and viability of the centre.
- A.54. **Key issues:** Banks generate customers, bring linked trips to other businesses and contribute to the vitality and viability of the area.

### *Bank use compatible with city centre role*

*Inspector Keith Manning; Hearing*

*Friday, 20 January 2012, dcservices.co.uk*



- A.55. The change of use of a unit currently occupied by the Starbucks Coffee Company in Manchester city centre to a bank was permitted after an inspector decided that it would not undermine the role and function of the area. The council relied on the regional spatial strategy (RSS) for the North West which encouraged retail development within the city centre, controlling investment in order to ensure that retail uses predominated. The appellant highlighted the fact that more locally based policies supported a mix of uses including financial and professional services and notwithstanding a range of uses within the area, retailing predominated, accounting for over 70 per cent of the total units. The inspector decided that the council's reliance on a 'high level' policy within the RSS was too broad brush and more locally based policies were of greater relevance. The council's UDP encouraged a range of uses and retailing continued to predominate. There was no evidence to suggest that allowing the appeal would materially alter the current balance and national advice supported the need for flexibility and dynamism. The inspector also decided that a full award of costs should be made in favour of the appellant. During the course of dealing with the application, the council had been presented with evidence which addressed its concerns regarding the potential impact on the retail function of the area, and this was based in part on survey information. However, the council did not seriously challenge the results of this analysis and relying upon the personal experience of its planning officers was not sufficient to support its objection. In addition, the inspector noted that the decision notice referred to the wrong policy and the wrong street which had partially complicated the appellant's preparation for the appeal. The lack of cogent evidence to support its case amounted to unreasonable behaviour, the inspector decided.
- A.56. **Key issues:** reliance on a 'high level' policy is too broad brush and more locally based policies are of greater relevance.

#### *Retail unit harms town centre health*

*Inspector John Millard; Written representations*

*Friday, 09 December 2011, dcservices.co.uk*

- A.57. An inspector allowed the change of use of a shop in an Oxfordshire town to A2 use, finding that it would not harm the vitality and viability of the centre. The grade II listed double fronted shop was located in a primary shopping frontage. It had been empty for about six months and had previously been occupied by four cut-price retailers, all ceasing to trade after less than a year. The appellant had been marketing the vacant premises locally and nationally without any interest. The appellant contended that the primary shopping frontage was outdated and did not reflect the pattern of trading that currently existed. The inspector had some sympathy with this view, noting that the focus of town centre activity seemed to have shifted and that retail uses were few and far between near the appeal property. Notwithstanding the local plan designation the inspector held that the part of the town in which the appeal site was located could not be described as a primary shopping location and he saw little prospect of it changing. Furthermore, although the appeal property had a wide frontage its interior layout was fragmentary and did not offer good quality retail space. Because of this he considered it unlikely that, as a relatively large unit offering poor quality floorspace in a less than



buoyant retailing location, the property was ever likely to attract a good quality retailer whatever the national and international economic circumstances. A key objective of local plan town centre policy was to maintain a thriving town centre, an aim consistent with the objectives of PPS4. Vacant or underused premises did not contribute to that aim, he pointed out. He considered that bringing such properties back into full economic use must be afforded high priority if the shared objective of the government and the council were to be achieved. The inspector observed that the principal generator of activity in the relevant part of the centre was the financial and professional services sector. He judged that the dilution of this concentration by insistence upon the retention of an unwanted and unlettable retail unit ran counter to national and local policy objectives and was likely to have a negative impact on the centre's economic performance.

- A.58. **Key issues:** Vacant or underused premises do not contribute to vitality and vibrancy, so bringing such properties back into full economic use is afforded high priority. In some cases this may override other policy objectives to control particular use classes.



## **Appendix B: Case studies of payday loan experiences in Southwark**

### *Case studies provided by Southwark's Citizens Advice Bureau*

- B.1. The Client is married with an 8 month old baby. The client is a student and his wife is unemployed. Due to immigration restrictions the client is unable to work. The client is not in receipt of any benefits and has no recourse to public funds. The client is liable to pay rent council tax, and utility bills. The client and his family are being supported financially by family and church members. The client has high utility bill arrears, 3 payday loans and a debt owed to a credit union. Due to our client's circumstances it was easier for him to access monies from payday loan lenders and a credit union rather than more established financial institutions. The client struggling to repay his debts, especially the escalating balances of the payday loans. This caused the client much distress. Due to this client's immigration status, he has limited debt management options. In consideration of our client's circumstances, Southwark Citizens Advice Bureau (CAB) are assisting the client to create a clear understanding of his income and expenditure. Southwark CAB are also assisting the client to: apply for a grant, make minimum affordable offers for his payday and credit union loans, and request a freeze on interest and charges. Southwark CAB hopes this will go a long way to alleviate the stress caused by having unmanageable debts.
- B.2. The client is a single tenant. She receives a student loan, no benefits, and has financial responsibilities for her adult daughter. The client works when jobs become available. The client has problems recalling information and oftentimes gets confused about doing tasks for herself. She also has problems with managing her monies and could not provide a fair account of her income and expenditure. The client has rent arrears, council tax arrears and debts of over £10,000, including several payday loans. The client was upset about deductions being made from her wages to repay her council tax debts. The client also appeared confused about how she'd managed to get a payday loan to repay some of her rent arrears, and had a distant memory about an impending possession order. Southwark CAB is working with this client to build a clear picture about her income and expenditure and debt situation. Southwark CAB are also exploring her health issues a bit more to assess whether her ability to repay her payday loans was ever considered as it should have been. Southwark CAB are also gathering information regarding her rent arrears and Council tax arrears in order to assess the client's available debt management options.
- B.3. The client is single parent with an 8 month old child. The client is unemployed, and not entitled to benefits. The client receives a grant of approx. £46 pw. Her child's father pays £50 pw for child maintenance. These amounts cannot be increased. The client has several debts including rent arrears from a former address, catalogue debts and 3 payday loans. The client obtained these loans in order to help manage her finances. The client cannot afford the repayments. The client has become distressed by her debt situation and wants help to resolve it. Southwark CAB completed the client's income and expenditure form and unfortunately, the client's income was much less than her expenditure as the client was using credit to make ends meet. Southwark CAB also



checked to see if the client's income could be maximised but due to the client's immigration status and circumstances, this was not possible. Southwark CAB assisted the client to send letters to her creditors asking that they hold recovery action. Southwark CAB also asked them to allow our client not to make any payments for a specified period. The client was very happy with this outcome, as it helped to relieve the mental distress caused by her debt situation.

- B.4. The client is lone parent, with an unemployed 17 year old son. Their home has 1 extra bedroom. The client's ex-partner lives with her but has no income. They live as 2 separate households but the client has to support her ex-partner financially. The client suffers with depression and chronic obstructive pulmonary disease. The client has experienced a series of family misfortunes and resultant added expense. The client also recently lost her job. Her adult sons have been helping with food and heating. The client would not have been able to afford these without their help. The client obtained payday loans to help manage her finances, but with the confluence of all these unfortunate events and misfortunes everything became unmanageable and the client needed help. The client approached Southwark CAB due to a breached suspended possession order, council tax arrears, utility arrears and payday loans. The client felt too ill to look for work or manage her debts and wanted to sleep as much as possible. Unfortunately, the client could not sleep because she was so worried and depressed. Southwark CAB advised the client about increasing her income, managing her debts and stabilising her housing situation. Southwark CAB advised the client about: redundancy pay, claiming Employment and Support Allowance (ESA), checking the validity of the bedroom tax, applying for a stay of eviction, submitting a witness statement for the possession hearing, applying for discretionary housing benefit, verifying that HB was correctly assessed, applying for British Gas Energy Trust Fund, stopping continuous payment authority for payday loans and ensuring that she receives help for her health problems.
- B.5. The client is married with 2 children aged 13 and 15. The client is a housing association tenant. The client is full-time employed. The client's husband is full-time employed but on sick leave, with statutory sick pay, due to a leg injury requiring surgery. The client approached the CAB for advice due to: rent arrears and a possession claim arising from a breached payment arrangement, 1 pay day loan, 2 bank overdrafts -1 joint, 2 catalogue debts and 1 credit card debt. The payday loan and 1 overdraft belong to the client's husband. The original balance for the payday loan had increased from £1000 to £2000. The client has been trying to prioritise payments towards the rent arrears and payday loans, in order to preserve their ability to remain in their home and reduce the payday loan balance. They believed that these payments should be prioritised. The couple were increasingly struggling to maintain payments towards these debts due to the client's husband's reduced income (caused by the client's husband's injury). Southwark CAB advised the client that she is only liable for her debts and the joint overdraft, not her husband's debt. Southwark CAB advised the client about prioritising payments towards priority debts and completion of the Defence form. Southwark CAB advised the client that the remaining debts are non-priority debts. Southwark CAB also assisted the client to complete a Financial Statement and provided the client with advice which would assist both the client and her husband to negotiate with their non- priority creditors and payday creditors.



- B.6. The client is a single female with back and heart problems. The client left permanent full-time employment in 2011 due to ill health. The client is a housing association tenant and works on a casual basis due to ill health. Sometimes the client only works 1 day per week. The client approached the CAB for advice due to rent arrears of £1,227, credit debts of £14,742.42, two doorstep loans of £1,630, and 3 payday loans of £2,456.15, one secured against the client's jewellery, £3,600 owed to friends and a Housing Benefit overpayment. The secured payday loan was obtained in 2013 to assist the client to manage her budget. The client had 6 months to repay this debt or lose the jewellery, but now has only 1 month left to pay the secured payday loan or lose her jewellery. The client does not believe that she will be able to repay this loan but the client wants her jewellery back. Southwark CAB advised the client about priority and non-priority debts, debt management options and creating a Financial Statement. The client agreed to pay £3.60 per week to reduce her rent arrears. The client did not want to apply for insolvency. The client could only afford token payments towards the non-priority debts but this puts the client at risk of losing her jewellery. The client has already applied for Personal Independence Payment (PIP), ESA and Discretionary Housing Payments (DHP). After receiving debt advice the client is considering working more hours if they are available, despite her health condition. This is in order to recover her jewellery from the payday loan creditor.
- B.7. The client is single and has a long standing illness (Asthma). The client is a Southwark Council tenant. The client receives JSA, HB and CT reduction. The client approached the CAB for debt advice. The client has rent and council tax arrears, 3 payday loans (1 online, 2 High street) 1 has a guarantor, and other credit debts. Total credit debts approximately £12,266. Southwark CAB advised the client about her debt management options and the client preferred to make a DRO application. However extra care was needed as one of her relatives was the guarantor for 1 of the payday loans, and this relative was an owner occupier. Southwark CAB advised the client that after the DRO approval her guarantor would have to continue paying the payday loan which also had an APR of 41.5 % pa. The client applied for the DRO and her guarantor has to continue making payments to the payday loan creditor.
- B.8. The client is a single mum with an unemployed resident 18 year old child. The client is a council tenant and part-time employed. The client is also a carer for her dad. The client's son suffers with depression. The client could not manage her debt situation due to her own depression. The client's total credit debts are approx. £2,508 and include 2 payday loans. The client was advised about her debt management options and assisted to complete a Financial Statement. The client was also referred for specialist help to claim Benefits. The client was advised about contacting CSA, and that her son should claim ESA. The client is now clear about her debt options and is being assisted by a CAB Debt Adviser.
- B.9. The client is a single unemployed Council tenant in receipt of ESA, DLA, a pension, and HB. The client suffers with anxiety and depression. The client's total credit debts are approximately £960, £678 of which represents 4 pay day loans. The client also has rent arrears of £105. The client found it difficult to manage his budget with his existing income. So he used his rent monies to purchase food. The client then couldn't pay his rent, so he applied for payday loans. Due to the client's anxiety and depression, the client



has difficulty managing his debts. Southwark CAB advised the client about budgeting, priority and non-priority debts and available debt management options. Southwark CAB also advised the client about prioritising payments to enable the client to stop the payday companies from making deductions from the client's bank accounts. The client is now being advised by a CAB Debt Adviser.

- B.10. The client is a full time employed but on sick leave. The client lives in housing association accommodation with her 17 year old son. He is attending college. The client has longstanding mental health issues which remains unresolved. The client's mental health began to deteriorate. The client has rent arrears, a student loan, a parking fine and several credit debts, including 9 payday loans obtained online. The client said that she could not manage her monies whilst in a depressed state. Now that the depression had become long term, the client could not work. The client tried to survive on a lower income-SSP, but this was unmanageable. The client turned to payday loans to help manage her low income and increasing expenditure. However the client could not manage to make the payday loan payments and the debt amounts kept increasing. The payday loan creditors kept telephoning and emailing the client but the client was so stressed and depressed that she could not respond. The client approached the CAB whilst at her wits end and at the point of taking her own life. The client was also becoming agoraphobic. By this time, the client's landlord had begun possession proceedings and the client became even more depressed as she felt that she was about to be made homeless. Southwark CAB made representations to the court on 2 occasions and managed to stay both possession proceedings. Southwark CAB also wrote to all the client's creditors, including the payday loan creditors, and asked that they hold all recovery action so that we could assist our client to make a bankruptcy application.
- B.11. The client is a single employed female. The client suffers with diabetes, and depression caused by illness and stress. The client has several credit debts including 12 payday loans. The client's total debt amount was £17,350. The client missed all her monthly payments because these were unaffordable but the payday loan creditors kept contacting the client. The client was becoming increasingly depressed each time her creditors telephoned or emailed. Southwark CAB completed the client's Financial Statement and assisted the client to make small affordable payment offers to all her creditors, including the payday loan creditors. The client said that she could not apply for bankruptcy because she worked in the finance industry. The client feels relieved that her creditors have stopped contacting her and have agreed to freeze interest and charges. The client does not feel so depressed anymore.



## Appendix C: Interviewees

C.1. We spoke with the following people about possible indicators:

- Dr Neil Smith, Principal Clinical Psychologist at the National Problem Gambling Clinic;
- Sally Causer, Manager, Southwark Citizens Advice Bureau;
- Catherine Taylor, Public Health Team, Merseyside;
- Catherine Lewis, Liverpool Public Health Observatory; and
- Alex Trouton, Health Policy Officer, Lambeth & Southwark Public Health Department.

C.2. Sally Causer kindly provided the case studies in Appendix B.



## Appendix D: Health information and advice and planning decisions

D.1. This section considers a number of ways in which health information and advice contributes to planning decisions. The section starts with a consideration of licencing, which has the potential to impose controlling policies based on cumulative impacts to vulnerable people. The next section discusses the difficulties with setting particular thresholds. Finally the case for health being a material consideration during planning decisions is presented, including the difficulties of presenting a health based argument in isolation.

### *Licensing*

D.2. Betting shops require a licence from the local authority to operate. There are no additional licencing controls open to the local authority covering where a payday loan business can operate. Payday loan shops currently require a consumer credit licence from the OFT, this will change to the Financial Conduct Authority (FCA) in April 2014.

D.3. The policy climate within which betting shops licencing now operates is determined by the Gambling Act (18). Prior to the 2005 Act, the approval of local gambling licences was exercised by the Local Magistrates Court. Magistrates had a greater degree of discretion in considering license applications. They were able to apply a 'demand test', where licenses could be withheld if it was considered that there were too many gambling premises to meet anticipated demand in a particular area. There is no such provision in the Gambling Act (18) which, instead, makes a presumption in favour of the Local Authority granting an application.

D.4. Some types of premises, such as betting shops, require a licence from the local authority. LB Southwark may refuse to grant a licence for particular premises on the basis of demonstrating a clear link to:

- crime; or
- the exploitation of vulnerable persons; or
- harm to vulnerable persons.

D.5. Newham Council become the first council to use the 'primary activity' of a betting shop in their decision to reject a licence application. Members of the licensing sub-committee rejected an application by the owners of the Paddy Power betting chain to open new premises, under section 153 of the Gambling Act 2005. The council believed the premises would add to the 'cluster' of betting shops that already operate on the street. The council had rejected the application on the grounds it would attract crime and anti-social behaviour and because the primary use would be from fixed odds betting terminals (FOBTs). Paddy Power appealed that decision. On 17th June, 2013, the appeal judge ruled that the threshold for crime and disorder had not been met. The judge also ruled that the council has a duty to permit an application not prevent it. He decided that the licensing committee should use its powers to revoke a licence once problems have been clearly proved. The council has been given permission to seek a judicial review of the June decision (148).



- D.6. The issue of licencing authorities adopting cumulative impact policies (CIP) in a gambling context remains somewhat theoretical as no licensing authority has taken the step of including a CIP in its statement of gambling principles and therefore the issue of the 'legality' of considering cumulative impact in relation to betting shops remains untested.

### *Thresholds*

- D.7. In practice it is difficult to demonstrate that a single additional outlet would result in adverse outcomes for the local population. A threshold test is required that could be broadly applicable to a variety of communities, but sensitive enough to mark a clear tipping point at which to refuse further licences. Currently the scientific evidence is incomplete; any such test would therefore have to take a pragmatic approach based on generalised principles. For example a target density of premises could be allocated based on the area's level of deprivation, or a set exclusion distance applied from indicators of particularly vulnerable groups. Whilst such a test would be evidence based, it could be the subject of contrasting expert opinion if the decision to refuse a licence was challenged.
- D.8. A more robust position could be obtained through detailed investigations and evaluations of sensitivity and impact in a particular community for an individual application. Whilst such an approach would be likely to produce more compelling evidence as to any tipping point or threshold, it is unlikely that this would be a financially viable option for the local authority in every licence application. The local authority may however consider undertaking such detailed study in communities with high levels of deprivation where the premises in question are already in high density and there are applications for further expansion of such uses.
- D.9. It should also be noted that, in the case of premises such as betting shops and payday-loan providers, the local authority does not have the option to levy a fee to cover the additional resources the council must allocate to regulate adverse social and health outcomes. Indeed in the case of betting shops the Gambling Act 2005 makes a presumption in favour of granting an application (18). This is not the case with premises licensed to sell alcohol.

### *Material planning considerations*

- D.10. In [Appendix A](#) we provide summaries of planning appeal decisions concerning betting shops and payday loan shops. Examples are also provided for other A2 use class changes, which suggest that banking and other mainstream financial services can be seen as a positive contribution to vitality and viability. In general the case studies indicate that councils face a high burden of proof in using clustering arguments to achieve social objectives. The purpose of this review is not to make the case for or against this approach but to examine what contribution evidence about effects on public health might make to the planning case.
- D.11. The NPPF states at paragraph 69: "The planning system can play an important role in facilitating social interaction and creating healthy, inclusive communities." This provides support for health being a material planning consideration.



- D.12. The following sections discuss an addition to the case law that established that social objectives can be ‘material planning considerations’ (i.e. factors that can have weight in permitting or denying a planning application). The case concerned an application for change of a building’s use to a hot food takeaway (use class A5). Although the facts of the case concerned a hot food take away, arguably this case could be cited as precedent for any use class change – e.g. to a betting shop or high street money-lender (such as a payday loan shop).
- D.13. The ruling was in the case of: *R. (on the application of Copeland) v Tower Hamlets LBC [2010] (3)*. The High Court found that healthy eating and proximity to local schools was capable of being a material consideration. The case set a precedent for local planning authorities to consider how planning decisions impact on locally-set health and well-being priorities (149). However in that particular case the lack of local policy on the issue contributed to the takeaway being ultimately permitted.
- D.14. The planning inspector who determined the final application made a number of important points in respect of citing health or social objectives as material planning considerations (150):
- The specific location of the application was not considered to be ‘over-concentrated’ with A5 uses. This was corroborated through a Council Land Use Survey.
  - No evidence was provided demonstrating that “the location of a single take-away within walking distance of schools has a direct correlation with childhood obesity, or would undermine school healthy eating policies”.
  - “There are no adopted or emerging local policies that would support refusal of the proposal in this location, or which seeks to take forward the Government advice in ‘Healthy Weight, Healthy Lives’, which seems to seek to control a proliferation of such outlets near schools”.
- D.15. So although *R. (on the application of Copeland) v Tower Hamlets LBC [2010] (3)* establishes that social objectives (including health) can be material planning conditions, in practice some form of test must be applied to demonstrate the weight carried by such social objectives if they are to determine the planning application. Although not a legal test (being the planning inspector’s views, not those of the Courts), the following points should be considered:
- a link between the social objective and the proximity of the particular ‘use class’;
  - a link between the social objective and the existing concentration of the particular ‘use class’;
  - the existence of local policy explicitly seeking to control proliferation of the particular ‘use class’; and
  - evidence that a single further instance of the particular ‘use class’ would affect the social objective (e.g. health), i.e. that some threshold for harm had been reached or already exceeded.
- D.16. In February 2011 a planning appeal was lost by Domino’s Pizza UK Ltd in Barking and Dagenham LBC. Domino’s Pizza UK Ltd was appealing the refusal for grant of planning permission. The Planning Inspector dismissed Domino’s appeal for the following reasons (151):



- The proposal would materially harm the vitality and viability of the district centre. The inspector noted that: the policy limits for non-retail uses were already exceeded in the district centre; and the appellant has not demonstrated that there is a local need for the proposed A5 use.
- The 400m restriction set out in the Council's 'Saturation Point' Supplementary Planning Document was an important material consideration.

D.17. Interestingly although this appeal provides support for use of local limits and saturation points in Supplementary Planning Documents (SPD), the inspector applied a narrow approach to the potential health impact of the takeaway, noting that nutritional qualities and portion size were not considered to be matters which could be effectively controlled by planning conditions.

D.18. The following section notes some useful lessons from the London Borough of Waltham Forest for implementing successful supplementary planning document (SPD) that seek to limit certain types of business (152):

- spend time on community consultation to get a clear mandate from the local people as this will help drive the new policy through;
- work closely with other departments, such as environmental health, public health and education;
- have other initiatives to reinforce the policy objective, including raising awareness and working with local businesses; and
- work with the council's legal team to ensure it the policy is placed on a robust legal footing. Ideally a council needs to have a health inequalities policy in its core strategy or local development plan that the SPD can sit beneath.

D.19. We consider that these lessons from Waltham Forest could be usefully applied to SPDs not only for hot-food outlets, but also aimed at limiting betting shops and possibly payday-loan shops.

D.20. It has been established in case law that public health issues can be material planning considerations where they are supported by appropriate evidence (3). Scientific research shows that adverse health outcomes are associated with proximity to betting shops or high street money lenders. However, this research does not currently extend to being able to determine particular numbers or densities of outlets in any one area that are linked to a tipping point in health outcomes.

D.21. In the context of a planning decision public health arguments advanced in isolation are therefore unlikely to be successful. An application can be rebutted by jointly advancing both a public health argument and a planning argument that the application would be contrary to the vitality and viability of the area in question. In February 2011 a planning appeal was lost by Domino's Pizza UK Ltd in Barking and Dagenham LBC. The determination specifically notes the material nature of the public health argument alongside that of preserving vitality and viability of the neighbourhood.

D.22. Public health input to the determination of planning applications should focus on providing a supporting argument for restricting the concentration, clustering or proximity of betting shops and payday loan shops. Such an argument should support the case for preserving vitality and viability in an area.



## Appendix E: Mapping and indicators for Southwark

- E.1. In Appendix E we look at the results of a mapping exercise. We describe the way in which this was conducted and then we show the maps. The maps and the commentaries are listed on page 79.
- E.2. On page 77 we provide some analysis and a map from Wilson (39) which looks at the incidence of crime and betting shops in Southwark.
- E.3. The literature and evidence review has identified a number of health outcomes that are associated with gambling and debt. This sections uses local indicator data (where it is available at the local level) to map the outcomes against the locations of betting shops and payday loan shops in Southwark. The maps also show the protected shop frontages that are subject to the Article 4 Directions currently in force.
- E.4. The identification of indicators used in this section has been informed by interviews with the stakeholders in Appendix C.
- E.5. In some cases appropriate indicators have not been identified. For example following discussion with the Principal Clinical Psychologist at the National Problem Gambling Clinic it was agreed that there is no validated metric to map social relationships. Similarly some indicators used may not present the full picture. For example, although mapping is provided for debt, the point at which gambling losses trigger financial hardship is very lifestyle dependant.
- E.6. There is no agreed definition of a cluster, however based on having three outlets within 250m there are 8 clusters of betting shops and 4 clusters of payday loan shops.<sup>11</sup> Such classifying of clusters is intended to provide a pragmatic basis for analysis of local indicators and is not intended to suggest a range or threshold for further betting shops or payday loan shops.
- E.7. Betting shop clusters:<sup>12</sup>
- SF17 - Lower Road - Surrey Quays Major Town Centre.
  - SF 15 - Southwark Park Road - The Blue Local Town Centre
  - SF4 / SF 5 - Borough High Street - London Bridge District Town Centre
  - Two clusters - SF18 - Walworth Road - The Elephant and Castle Major Town Centre
  - SF24 - Camberwell New Road - Camberwell District Town Centre
  - Two clusters - SF26 - Rye Lane - Peckham Major Town Centre
- E.8. Payday loan shop clusters:
- Two clusters - SF18 - Walworth Road - The Elephant and Castle Major Town Centre
  - SF26 - Rye Lane - Peckham Major Town Centre
  - SF24 - Camberwell New Road - Camberwell District Town Centre

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<sup>11</sup> A planning appeal decision in London on 13<sup>th</sup> July 2012 considered the distance of 300m as being too great (in the context of the next nearest outlet). See [Appendix A](#).

<sup>12</sup> SF References are to Protected Shopping Frontages in Appendix C of Southwark Council's Article 4 Direction notice 16 October 2013.



- E.9. All these clusters occur within or partly within protected shopping frontages. The maps show range rings (250m) centred on these clusters.
- E.10. Reason for not analysing groups of 2 outlets. Although there are multiple examples of shopping frontages which currently have two outlets, and arguably opening a third would form a cluster, there is mixed evidence from previous planning decisions on how to treat new cluster formation. For example a planning decision (25 November 2011 London appeal) suggests that clustering should only be considered where it already exists. However in the Harrow appeal<sup>13</sup> the proximity of two existing betting shops (and the presence of five others within a short distance) was considered sufficient. Given the subjective nature of what constitutes a cluster, a conservative approach has been taken. However Southwark Council may wish to monitor protected shop frontages with two outlets within 250m and take a view on the formation of new clusters.
- E.11. Reason for not analysing single outlets. Isolated single outlets provide a low density opportunity for people to access services without the adverse health effects associated with clusters. As these outlets neither support nor diminish the health argument, they are excluded from the analysis.
- E.12. The analysis focuses on the identified local clusters. For each map a summary of the main indicator outcome is provided against each cluster (e.g. which quintiles of deprivation adjacent areas fall within). The analysis concludes with a qualitative summary of the trend.
- E.13. The data underpinning this mapping exercise is held by Southwark Council.

#### *Betting shop related crime*

- E.14. A review of betting shop related crime for Southwark in 2013 (39) found that the most common offence was damage to machines followed by commercial robbery. Following these two categories were offences against staff, whether this be assaults, threats, harassment or theft from them. The bookmakers were considered to be the victim in 80 offences, staff members in 35 offences and customers in 27 offences. The main damage caused was to fixtures and fittings within the premises (the most common of which are the gaming machines/betting terminals and damage to windows and doors). Where property was stolen, this generally took the form of:
- cash stolen from commercial robbery;
  - property stolen from customers (usually pickpocket, or where customers had temporarily put their property on the counter);
  - theft by a member of staff; or
  - theft from staff.
- E.15. A weapon was used in 41 of 147 offences, with the most common being guns (exclusively used in the commercial robberies).
- E.16. Knives were seen / used in five offences. Most of the other items used as weapons were found within the shop, such as chairs, pens, glasses and brooms. In terms of motivation

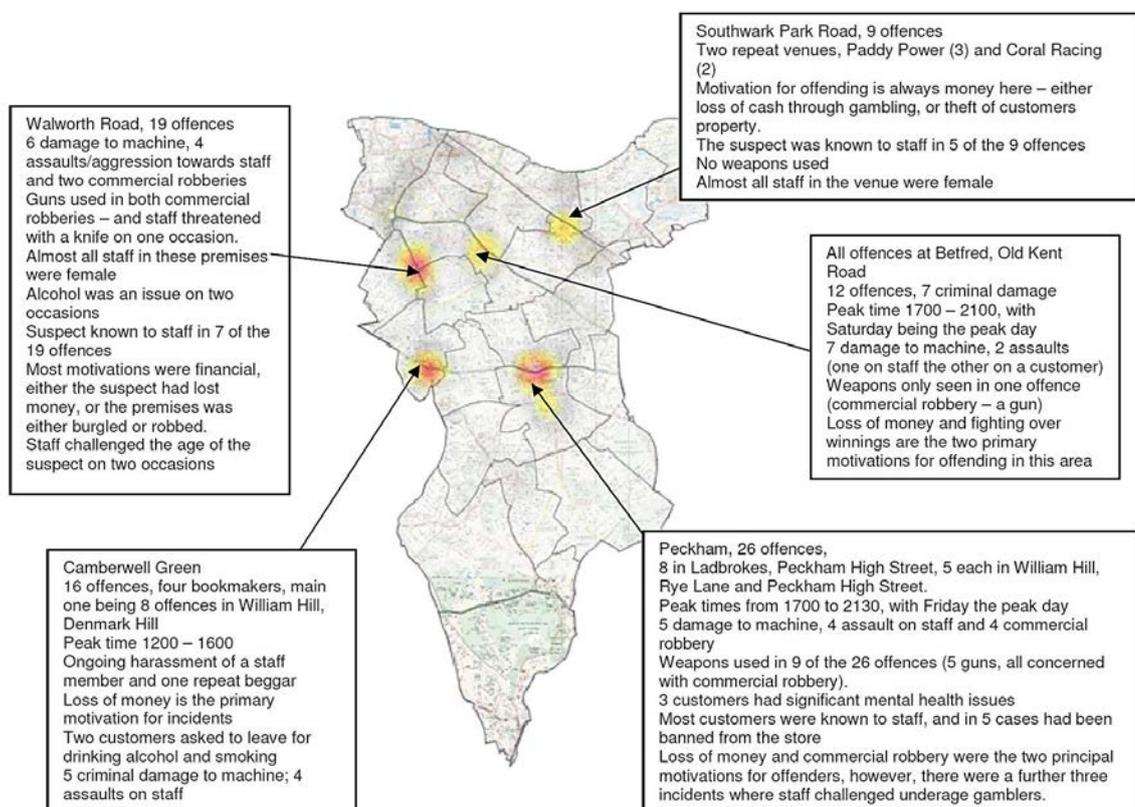
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<sup>13</sup> The Planning Inspectorate. Appeal Decision. Appeal ref APP/M5450/A/12/2187570. 23 April 2013. See Appendix A.



for offences, there are five distinct characteristics, these being: loss of money from gambling; profit from commercial robbery, burglary or theft within the venue; being asked to leave; grudges against staff or other customers; and underage persons. There is a great deal of evidence concerning low level antisocial behaviour in and around bookmakers in Southwark. Anti-social behaviour generally took the form of: street drinkers congregating outside betting shops; drug activity in/outside betting shops; and underage persons attempting to gamble. Figure 8-1 shows the location and type of betting shop related crime experienced in Southwark between 2012 and 2013. The location of these crime hotspots is similar to the locations of the clusters of betting shops.

Figure 8-1: Location of betting shop related crime 2012-2013



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 From Wilson (39)



## List of maps

Map 8-1:	Indices of Deprivation Overall Score by LSOAs – betting shops .....	80
Map 8-2:	Indices of Deprivation Health Score by LSOAs – betting shops .....	82
Map 8-3:	Indices of Deprivation Income Score by LSOAs – betting shops.....	84
Map 8-4:	Indices of Deprivation Employment Score by LSOAs – betting shops .....	86
Map 8-5:	Indices of Deprivation Crime Score by LSOAs – betting shops .....	88
Map 8-6:	London Well-Being Scores by Ward – betting shops.....	90
Map 8-7:	GP Surgeries with Depression Prevalence scores of 5% or over – betting shops.....	92
Map 8-8:	GP Surgeries with Mental Health Prevalence scores of over 1% – betting shops.....	94
Map 8-9:	Indices of Deprivation Overall Score by LSOAs – payday loan shops .....	96
Map 8-10:	Indices of Deprivation Health Score by LSOAs – payday loan shops .....	98
Map 8-11:	Indices of Deprivation Income Score by LSOAs – payday loan shops.....	100
Map 8-12:	Indices of Deprivation Employment Score by LSOAs – payday loan shops .....	102
Map 8-13:	Indices of Deprivation Crime Score by LSOAs – payday loan shops .....	104
Map 8-14:	London Well-Being Scores by Ward – payday loan shops.....	106
Map 8-15:	GP Surgeries with Depression Prevalence scores of 5% or over – payday loan shops	108
Map 8-16:	GP Surgeries with Mental Health Prevalence scores of over 1% –payday loan shops	110

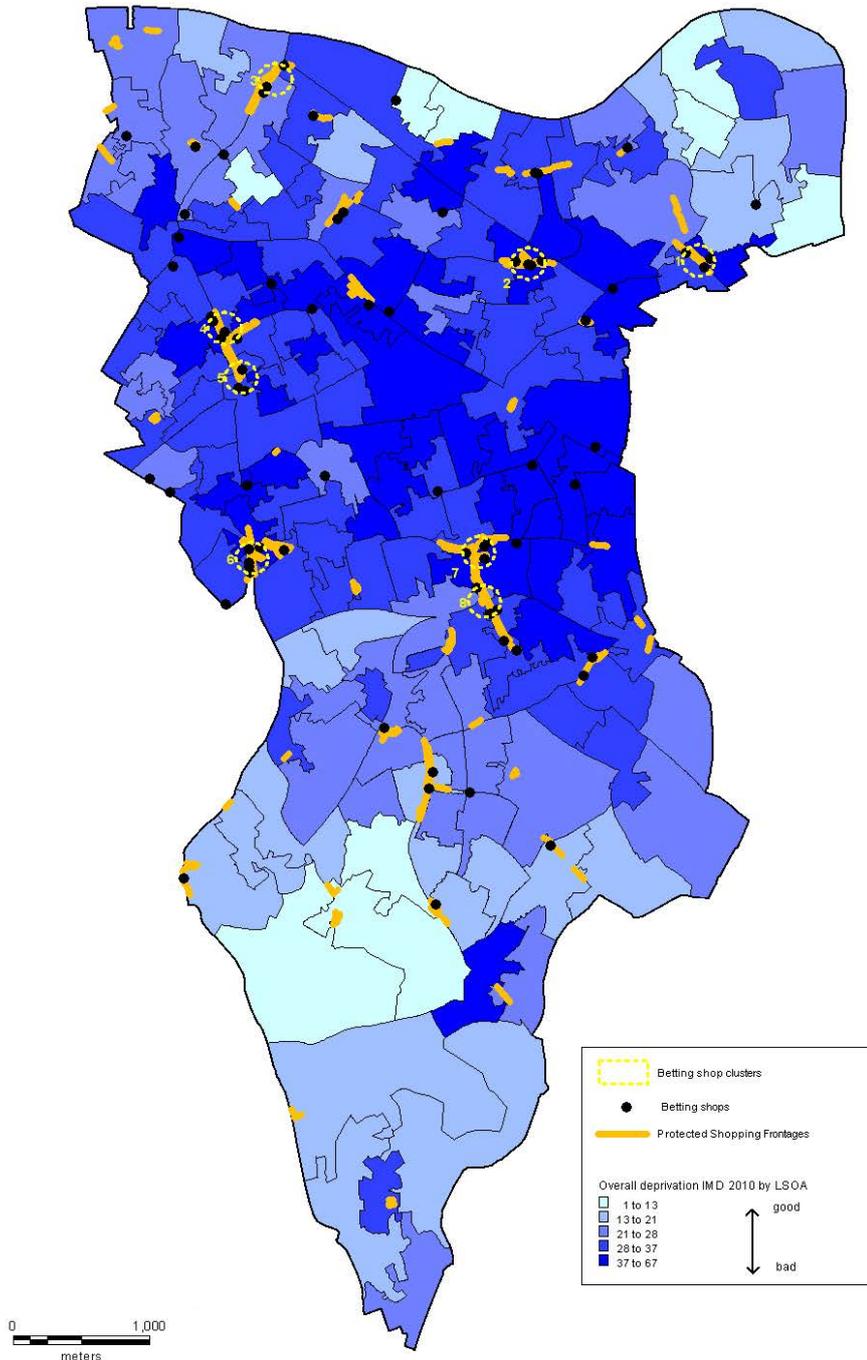
## List of commentaries

Commentary on Map 8-1 .....	81
Commentary on Map 8-2 .....	83
Commentary on Map 8-3 .....	85
Commentary on Map 8-4 .....	87
Commentary on Map 8-5 .....	89
Commentary on Map 8-6 .....	91
Commentary on Map 8-7 .....	93
Commentary on Map 8-8 .....	95
Commentary on Map 8-9 .....	97
Commentary on Map 8-10 .....	99
Commentary on Map 8-11 .....	101
Commentary on Map 8-12 .....	103
Commentary on Map 8-13 .....	105
Commentary on Map 8-14 .....	107
Commentary on Map 8-15 .....	109
Commentary on Map 8-16 .....	111



## Betting shops

Map 8-1: Indices of Deprivation Overall Score by LSOAs – betting shops



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## Commentary on Map 8-1

### Indicator

The Index of Multiple Deprivation overall score is a combined measure of the specific dimensions of deprivation (income deprivation; employment deprivation; health deprivation and disability; education, skills and training deprivation; barriers to housing and services; crime; and living environment deprivation).

### Cluster

- 1 SF17 - Lower Road - Surrey Quays
- 2 SF15 - Southwark Park Road - The Blue
- 3 SF4 / SF5 - Borough High Street - London Bridge
- 4 SF18 - A - Walworth Road - Elephant & Castle
- 5 SF18 - B - Walworth Road - Elephant & Castle
- 6 SF24 - Camberwell New Road - Camberwell
- 7 SF26 - A - Rye Lane - Peckham
- 8 SF26 - B - Rye Lane - Peckham

### Mapping analysis

*adjacent areas are in ...*

4<sup>th</sup> and 5<sup>th</sup> quintiles.

5<sup>th</sup> quintile.

3<sup>rd</sup> and 4<sup>th</sup> quintiles.

4<sup>th</sup> and 5<sup>th</sup> quintiles.

4<sup>th</sup> and 5<sup>th</sup> quintiles.

4<sup>th</sup> and 5<sup>th</sup> quintiles.

4<sup>th</sup> and 5<sup>th</sup> quintiles.

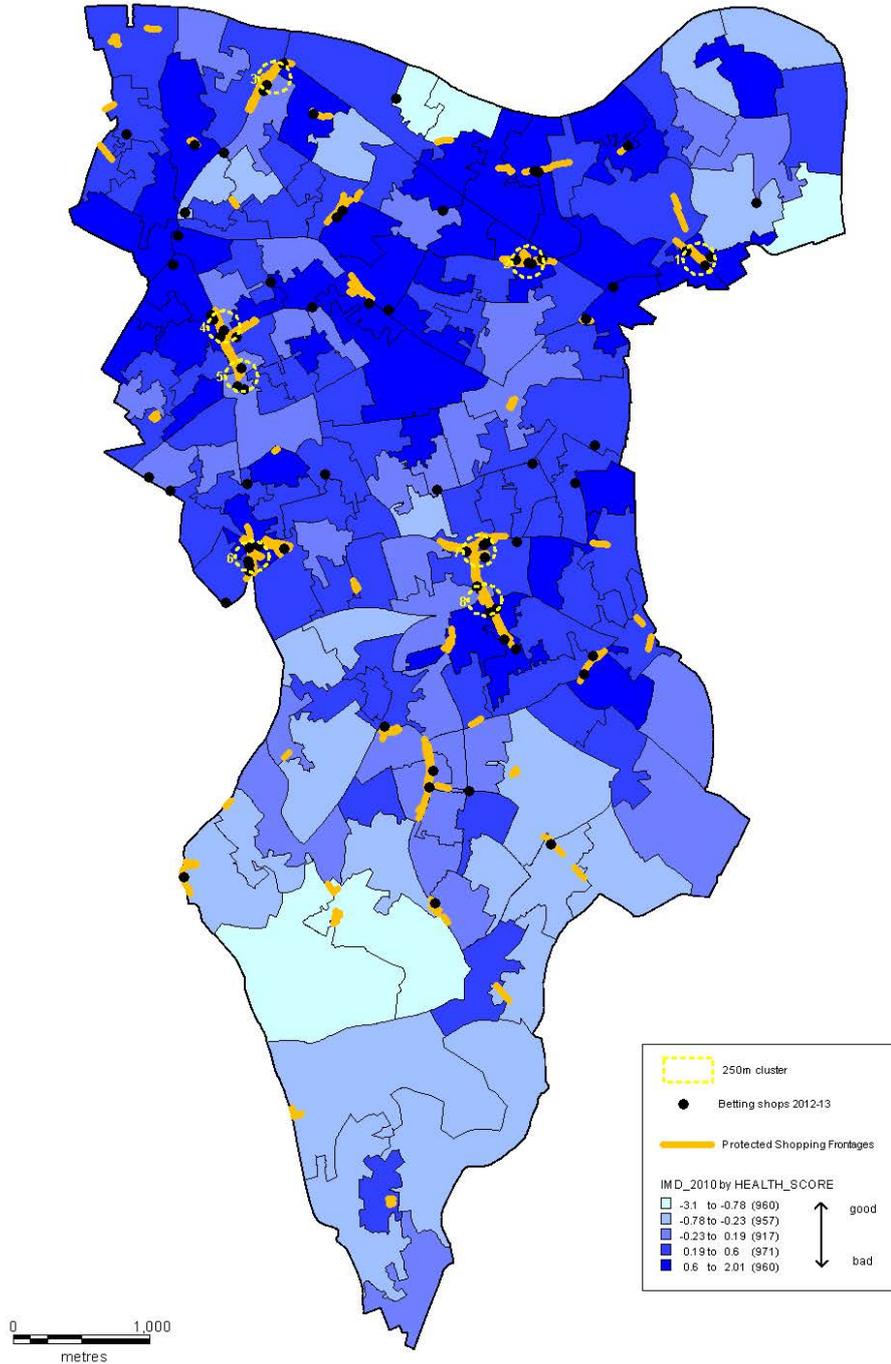
3<sup>rd</sup> and 4<sup>th</sup> quintiles.

### Conclusion:

7 of the 75 betting shops (9.3%) are located in areas with low overall deprivation (1<sup>st</sup> or 2<sup>nd</sup> quintiles). All clusters of betting shops in Southwark are associated with the most deprived areas.



Map 8-2: Indices of Deprivation Health Score by LSOAs – betting shops



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## Commentary on Map 8-2

### Indicator

This domain of the Index of Multiple Deprivation measures premature death and the impairment of quality of life by poor health. It considers both physical and mental health. The domain measures morbidity, disability and premature mortality but not aspects of behaviour or environment that may be predictive of future health deprivation.

### Cluster

- |   |   |
|---|---|
| 1 | SF17 - Lower Road - Surrey Quays                |
| 2 | SF15 - Southwark Park Road - The Blue           |
| 3 | SF4 / SF5 - Borough High Street - London Bridge |
| 4 | SF18 - A - Walworth Road - Elephant & Castle    |
| 5 | SF18 - B - Walworth Road - Elephant & Castle    |
| 6 | SF24 - Camberwell New Road - Camberwell         |
| 7 | SF26 - A - Rye Lane - Peckham                   |
| 8 | SF26 - B - Rye Lane - Peckham                   |

### Mapping analysis

*adjacent areas are in ...*

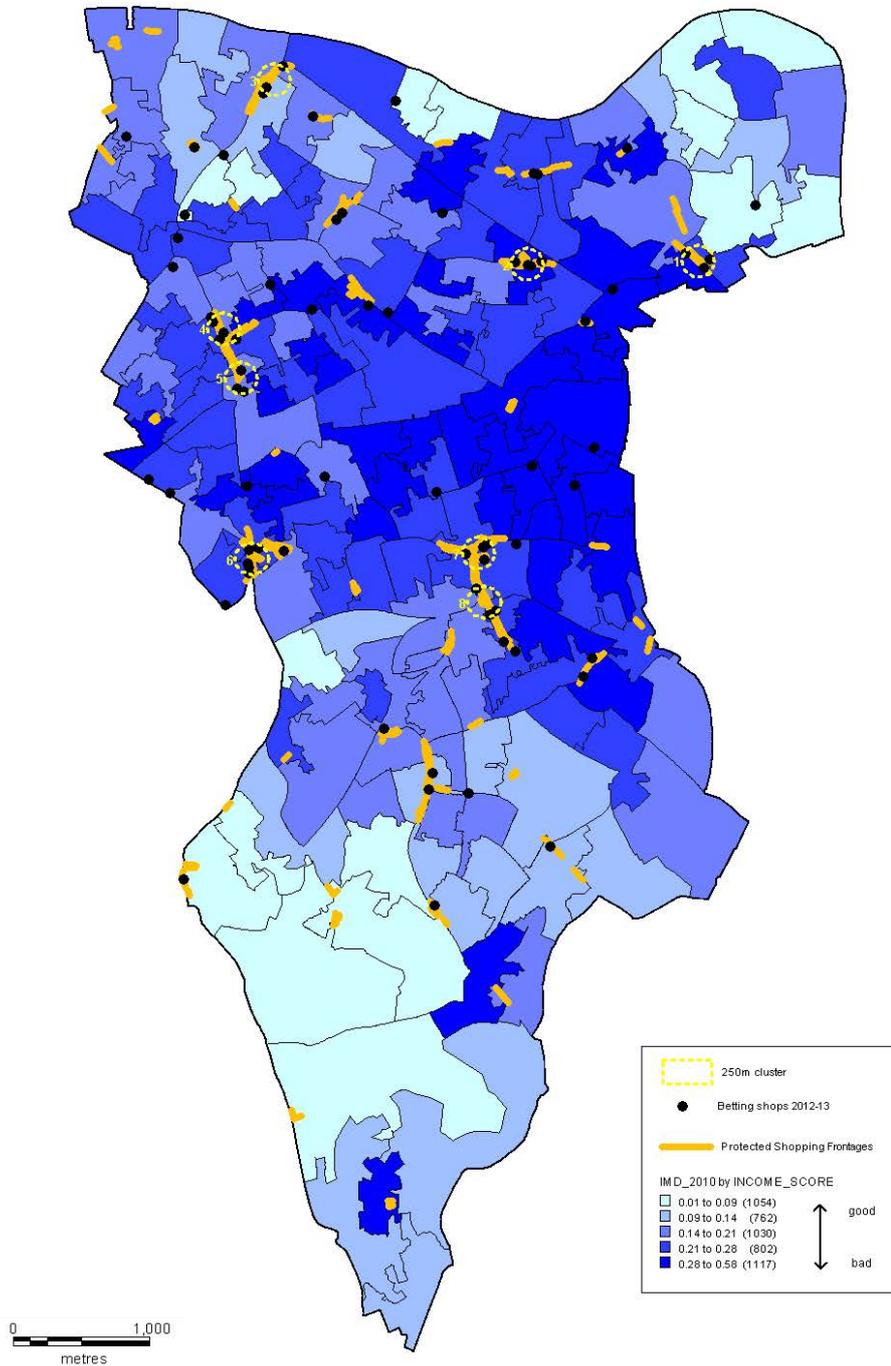
- |  |
|--|
| 5 <sup>th</sup> quintile.                                      |
| 5 <sup>th</sup> quintile.                                      |
| 3 <sup>rd</sup> , 4 <sup>th</sup> & 5 <sup>th</sup> quintiles. |
| 3 <sup>rd</sup> , 4 <sup>th</sup> & 5 <sup>th</sup> quintiles. |
| 3 <sup>rd</sup> and 4 <sup>th</sup> quintiles.                 |
| 4 <sup>th</sup> and 5 <sup>th</sup> quintiles.                 |
| 4 <sup>th</sup> quintile.                                      |
| 3 <sup>rd</sup> , 4 <sup>th</sup> & 5 <sup>th</sup> quintiles. |

### Conclusion:

5 of the 75 betting shops (6.7%) are located in areas with low health deprivation (1<sup>st</sup> or 2<sup>nd</sup> quintiles). All clusters of betting shops in Southwark are associated with the most health deprived areas.



Map 8-3: Indices of Deprivation Income Score by LSOAs – betting shops



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### Commentary on Map 8-3

**Indicator**

This domain of the Index of Multiple Deprivation measures the proportion of the population in an area that live in income deprived families. The definition of income deprivation adopted here includes both families that are out-of-work and families that are in work but who have low earnings (and who satisfy the respective means tests).

**Cluster**

- |   |   |
|---|---|
| 1 | SF17 - Lower Road - Surrey Quays                |
| 2 | SF15 - Southwark Park Road - The Blue           |
| 3 | SF4 / SF5 - Borough High Street - London Bridge |
| 4 | SF18 - A - Walworth Road - Elephant & Castle    |
| 5 | SF18 - B - Walworth Road - Elephant & Castle    |
| 6 | SF24 - Camberwell New Road - Camberwell         |
| 7 | SF26 - A - Rye Lane - Peckham                   |
| 8 | SF26 - B - Rye Lane - Peckham                   |

**Mapping analysis**

*adjacent areas are in ...*

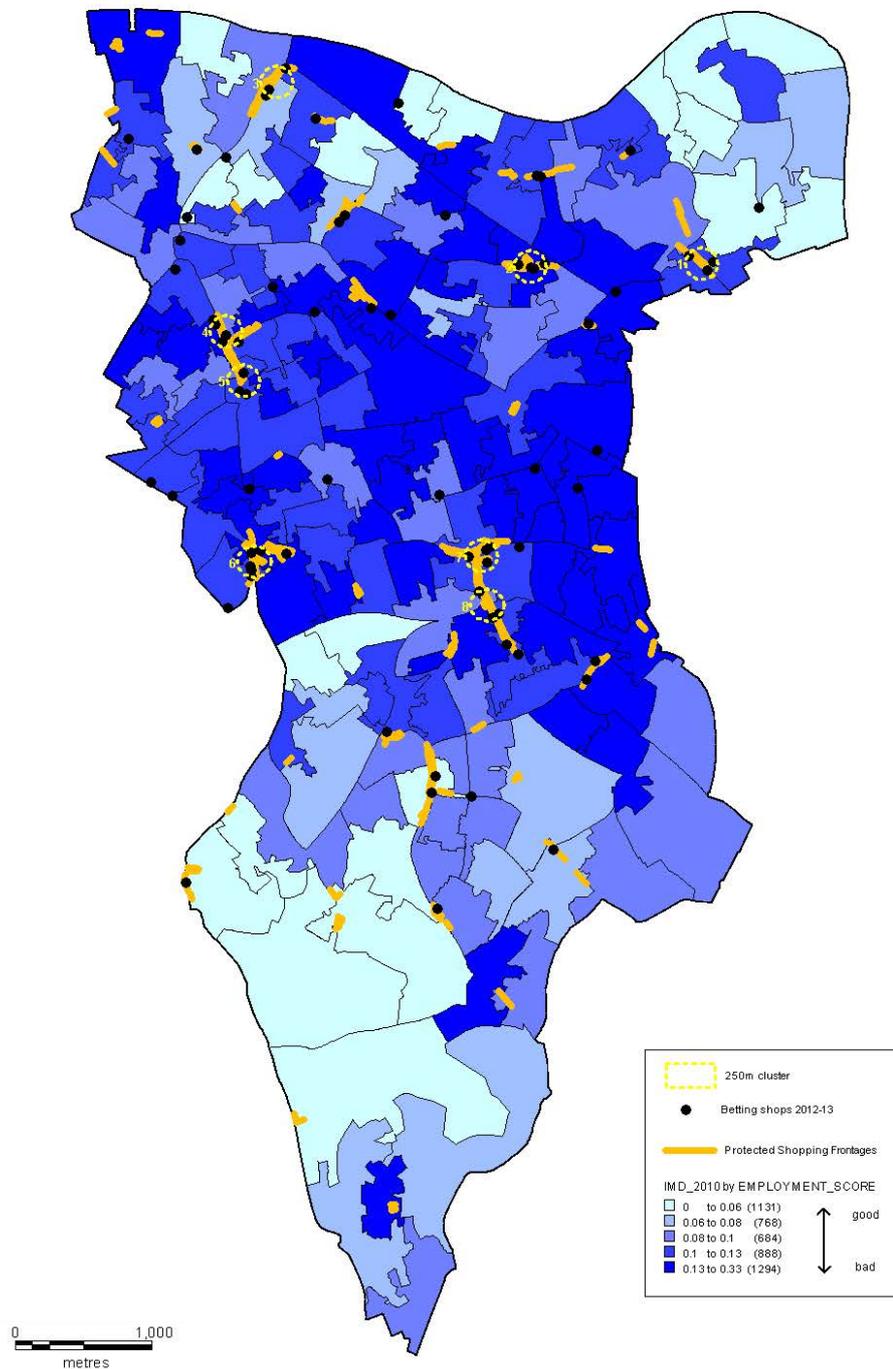
- |  |
|--|
| 4 <sup>th</sup> and 5 <sup>th</sup> quintiles.                 |
| 5 <sup>th</sup> quintile.                                      |
| 2 <sup>nd</sup> and 3 <sup>rd</sup> quintiles.                 |
| 3 <sup>rd</sup> , 4 <sup>th</sup> & 5 <sup>th</sup> quintiles. |
| 3 <sup>rd</sup> , 4 <sup>th</sup> & 5 <sup>th</sup> quintiles. |
| 3 <sup>rd</sup> quintile.                                      |
| 3 <sup>rd</sup> quintile.                                      |
| 3 <sup>rd</sup> and 4 <sup>th</sup> quintiles.                 |

**Conclusion**

10 of the 75 betting shops (13.3%) are located in areas with low income deprivation (1st or 2nd quintiles). Clusters of betting shops in Southwark tend to be located in areas of moderate income deprivation, not the most income deprived communities.



Map 8-4: Indices of Deprivation Employment Score by LSOAs – betting shops



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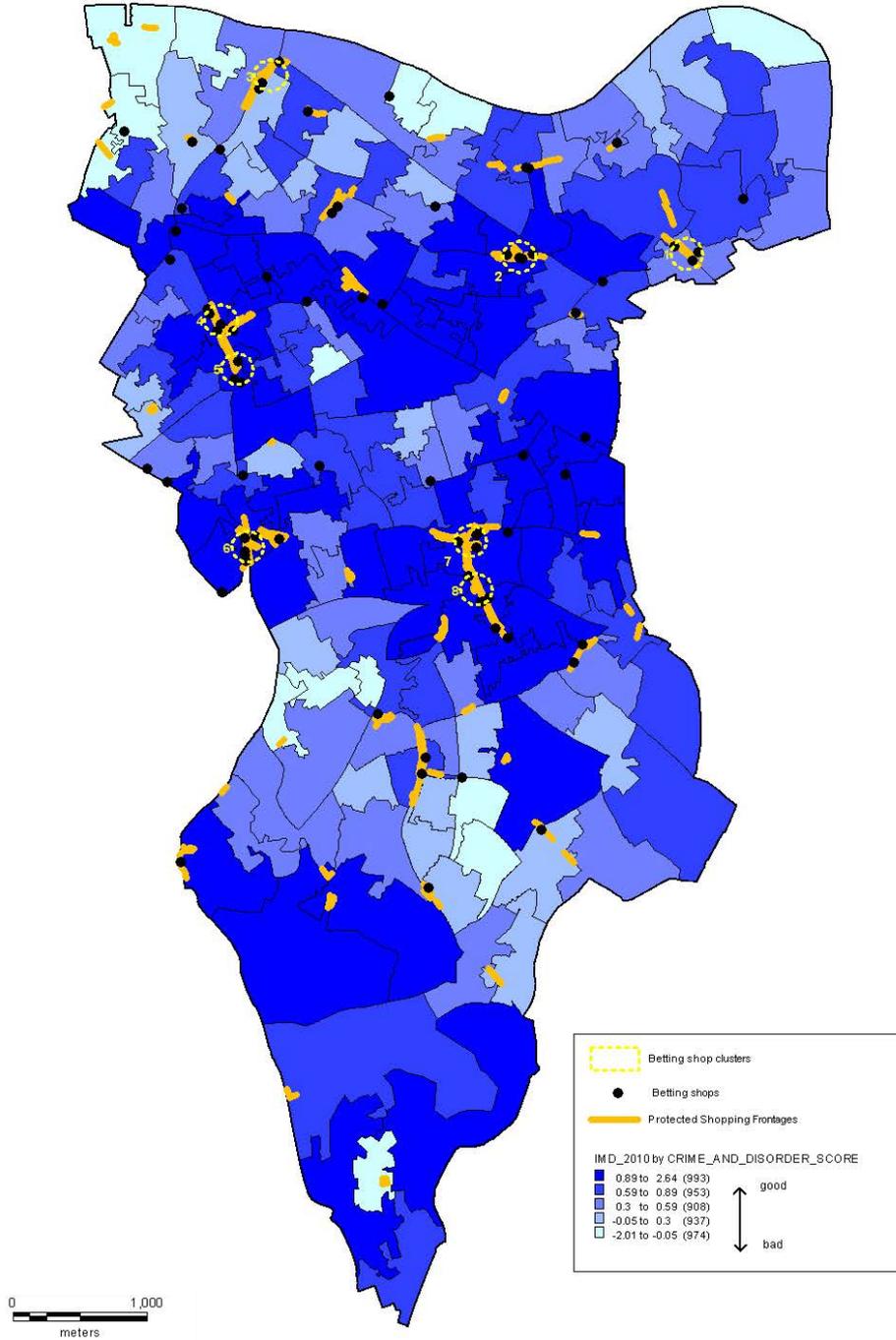


### Commentary on Map 8-4

<b>Indicator</b>	
This domain of the Index of Multiple Deprivation measures employment deprivation conceptualised as involuntary exclusion of the working age population from the world of work. The employment deprived are defined as those who would like to work but are unable to do so through unemployment, sickness or disability.	
<b>Cluster</b>	<b>Mapping analysis</b>
1 SF17 - Lower Road - Surrey Quays	<i>adjacent areas are in ...</i> 4 <sup>th</sup> quintile.
2 SF15 - Southwark Park Road - The Blue	5 <sup>th</sup> quintile.
3 SF4 / SF5 - Borough High Street - London Bridge	2 <sup>nd</sup> , 3 <sup>rd</sup> & 4 <sup>th</sup> quintiles.
4 SF18 - A - Walworth Road - Elephant & Castle	3 <sup>rd</sup> , 4 <sup>th</sup> & 5 <sup>th</sup> quintiles.
5 SF18 - B - Walworth Road - Elephant & Castle	3 <sup>rd</sup> , 4 <sup>th</sup> & 5 <sup>th</sup> quintiles.
6 SF24 - Camberwell New Road - Camberwell	4 <sup>th</sup> and 5 <sup>th</sup> quintiles.
7 SF26 - A - Rye Lane - Peckham	4 <sup>th</sup> quintile.
8 SF26 - B - Rye Lane - Peckham	3 <sup>rd</sup> , 4 <sup>th</sup> & 5 <sup>th</sup> quintiles.
<b>Conclusion:</b>	
11 of the 75 betting shops (14.7%) are located in areas with low employment deprivation (1 <sup>st</sup> or 2 <sup>nd</sup> quintiles).	
Clusters of betting shops in Southwark tend to be located in areas of moderate to high employment deprivation.	



Map 8-5: Indices of Deprivation Crime Score by LSOAs – betting shops



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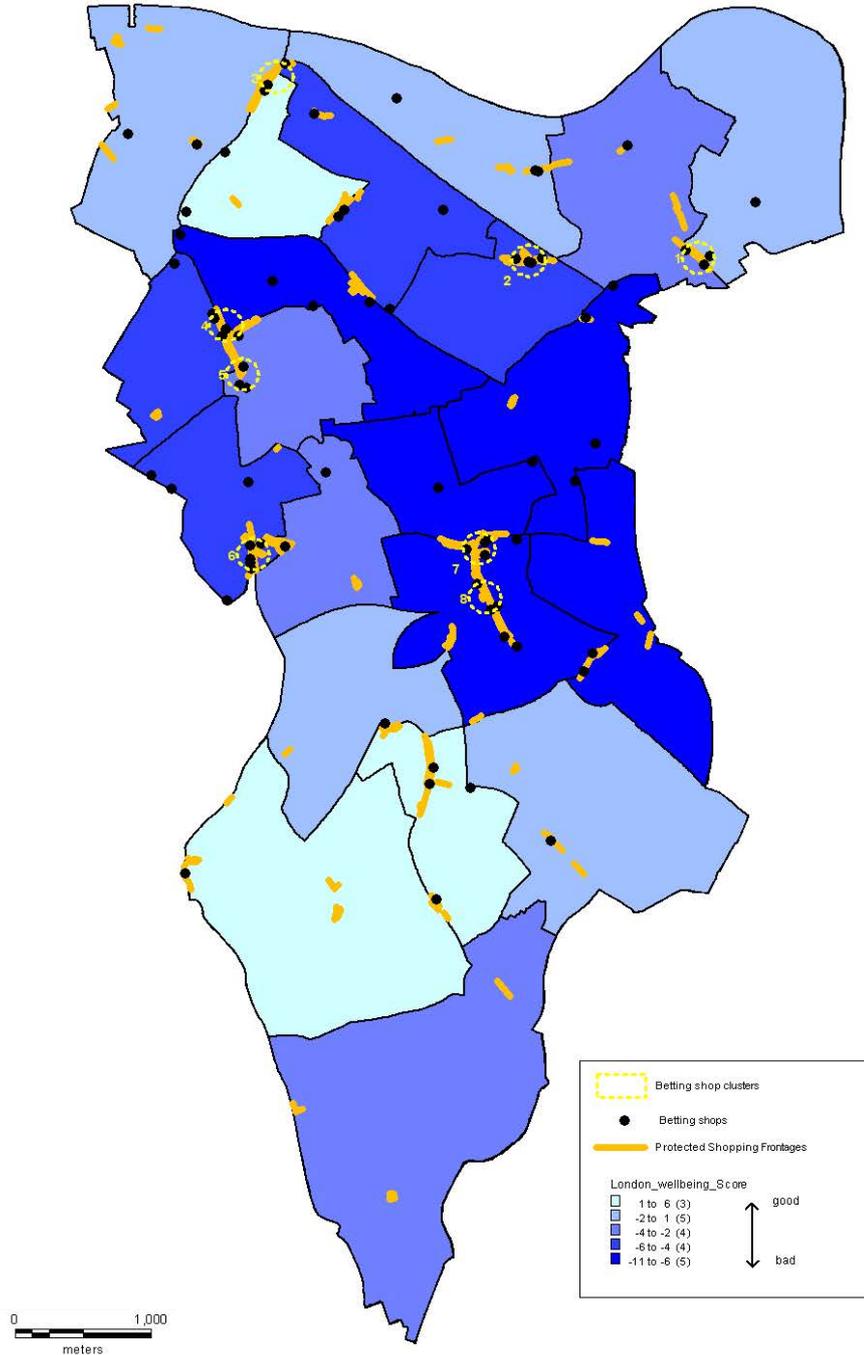


### Commentary on Map 8-5

<b>Indicator</b>	
This domain of the Index of Multiple Deprivation measures crime. Crime is an important feature of deprivation that has major effects on individuals and communities. The purpose of this domain is to measure the rate of recorded crime for four major crime types – violence, burglary, theft and criminal damage – representing the risk of personal and material victimisation at a small area level.	
<b>Cluster</b>	<b>Mapping analysis</b>
1 SF17 - Lower Road - Surrey Quays	<i>adjacent areas are in ...</i> 3 <sup>rd</sup> quintile.
2 SF15 - Southwark Park Road - The Blue	5 <sup>th</sup> quintile.
3 SF4 / SF5 - Borough High Street - London Bridge	2 <sup>nd</sup> , 3 <sup>rd</sup> & 4 <sup>th</sup> quintiles.
4 SF18 - A - Walworth Road - Elephant & Castle	5 <sup>th</sup> quintile.
5 SF18 - B - Walworth Road - Elephant & Castle	5 <sup>th</sup> quintile.
6 SF24 - Camberwell New Road - Camberwell	5 <sup>th</sup> quintile.
7 SF26 - A - Rye Lane - Peckham	5 <sup>th</sup> quintile.
8 SF26 - B - Rye Lane - Peckham	5 <sup>th</sup> quintile.
<b>Conclusion:</b>	
7 of the 75 betting shops (9.3%) are located in areas with low crime deprivation (1 <sup>st</sup> or 2 <sup>nd</sup> quintiles). The majority of clusters of betting shops in Southwark are located in areas of high crime deprivation (5 <sup>th</sup> quintile); the remaining two clusters are located in areas of moderate crime deprivation.	



Map 8-6: London Well-Being Scores by Ward – betting shops



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## Commentary on Map 8-6

### Indicator

The 'London Ward Well-Being Score' is a combined measure of well-being based on 12 indicators across the domains of: health; economic security; safety; education; children; families; transport; environment; and happiness.<sup>14</sup>

### Cluster

- |   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1 SF17 - Lower Road - Surrey Quays</li> <li>2 SF15 - Southwark Park Road - The Blue</li> <li>3 SF4 / SF5 - Borough High Street - London Bridge</li> <li>4 SF18 - A - Walworth Road - Elephant &amp; Castle</li> <li>5 SF18 - B - Walworth Road - Elephant &amp; Castle</li> <li>6 SF24 - Camberwell New Road - Camberwell</li> <li>7 SF26 - A - Rye Lane - Peckham</li> <li>8 SF26 - B - Rye Lane - Peckham</li> </ol> | <p><b>Mapping analysis</b><br/> <i>adjacent areas are in ...</i></p> <p>2<sup>nd</sup> and 3<sup>rd</sup> quintiles.<br/>         4<sup>th</sup> quintile.<br/>         1<sup>st</sup>, 2<sup>nd</sup> and 4<sup>th</sup> quintiles.<br/>         4<sup>th</sup> and 5<sup>th</sup> quintiles.<br/>         3<sup>rd</sup> and 4<sup>th</sup> quintiles.<br/>         4<sup>th</sup> quintile.<br/>         5<sup>th</sup> quintile.<br/>         5<sup>th</sup> quintile.</p> |
|---|--|

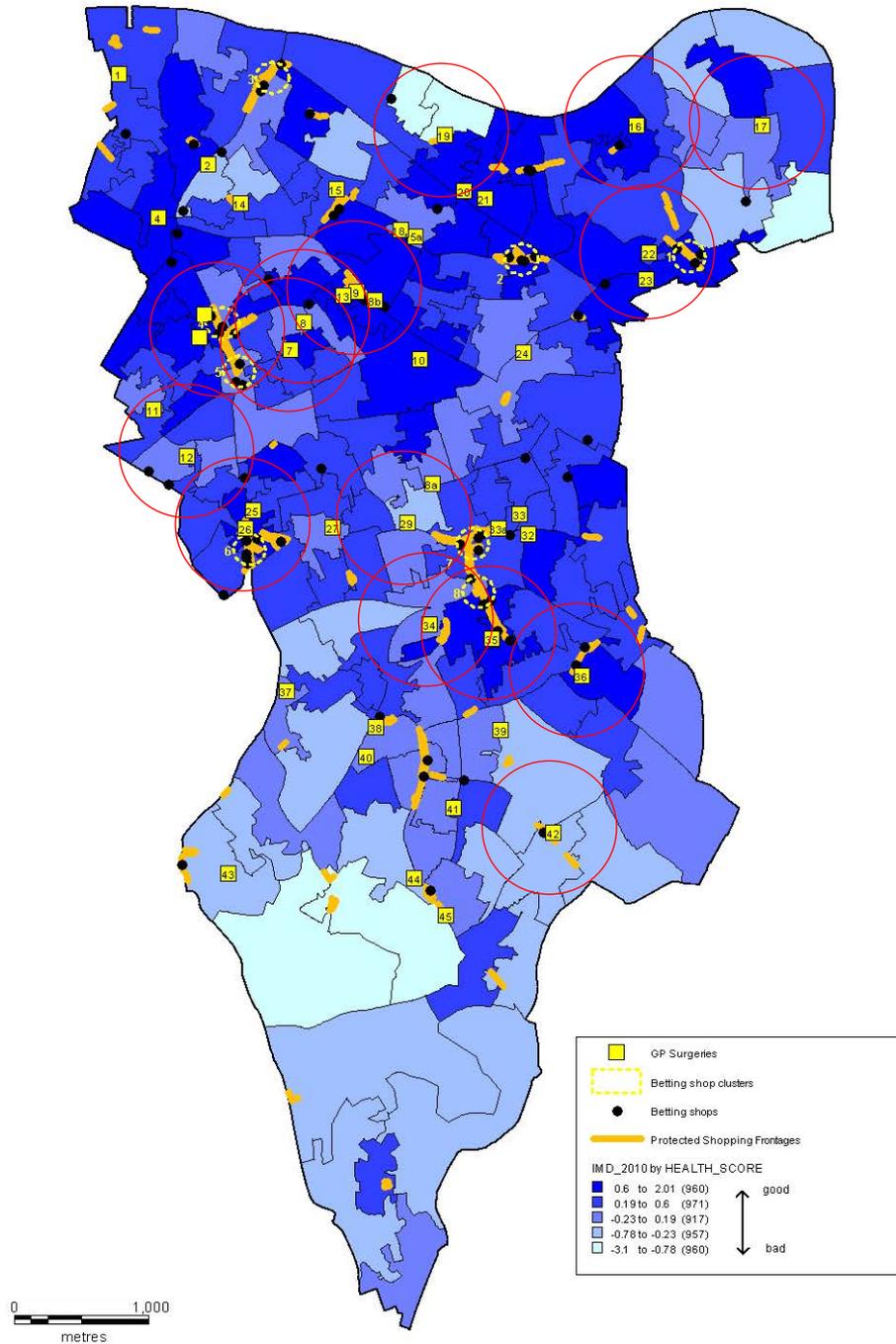
### Conclusion:

18 of the 75 betting shops (24.0%) are located in areas with high wellbeing scores (1<sup>st</sup> or 2<sup>nd</sup> quintiles). With the exception of clusters 1 and 3, the remaining clusters of betting shops in Southwark are located in areas of low or very low wellbeing (4<sup>th</sup> or 5<sup>th</sup> quintiles). The break from the trend in clusters 1 and 3 may in part be due to the surrounding areas having unusually high life expectancy rates for the borough (wards: Chaucer, Cathedral and Surrey Docks). Life expectancy is one of the indicators that make up the wellbeing score.

<sup>14</sup> London Ward Well-Being Probability Scores - 2013 edition (153). No weighting applied.



Map 8-7: GP Surgeries with Depression Prevalence scores of 5% or over – betting shops



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### Commentary on Map 8-7

Map 8-7 shows red circles centred on the GP surgeries in Southwark that have a diagnosed proportion of the population (prevalence) with depression of 5% or over<sup>15</sup>. The mean prevalence in Southwark is 4.2% [range: 7.4% - 1.2%]. The location of these practices with above average levels of depression corresponds broadly to the location of clusters of betting shops. There are two main deviations from this pattern.

- Firstly there are no GP surgeries with 5% or over depression prevalence close to clusters 2 (SF15 - Southwark Park Road) and 3 (SF4 / SF5 - Borough High Street).
- Secondly there are also GP surgeries with a below average prevalence of depression close to clusters 6 (SF24 - Camberwell New Road) and 7 (SF26 - A - Rye Lane).

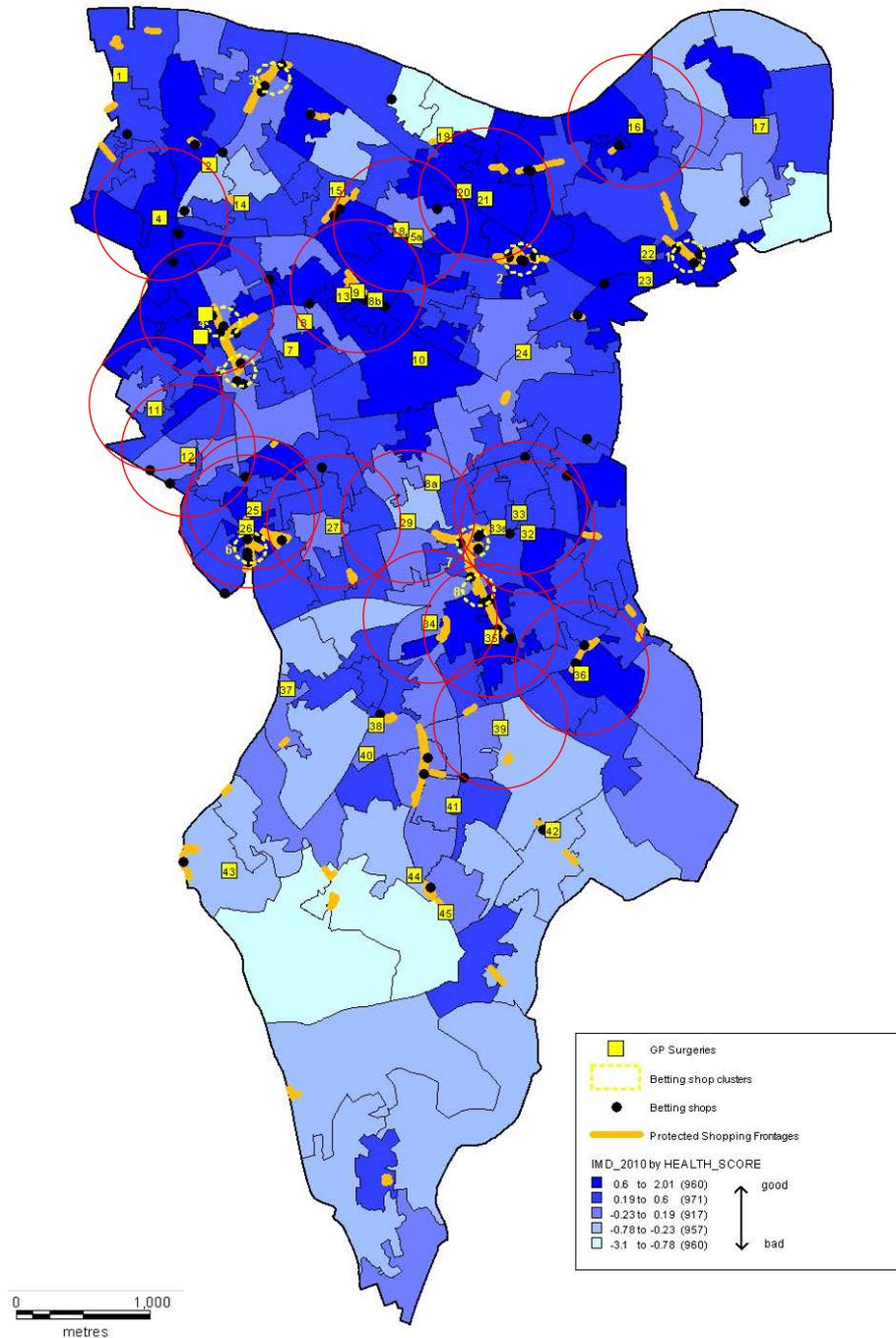
A noted limitation of this type of mapping is that people have a reasonable degree of freedom in which local GP practice they register with, registration may therefore not be with the closest GP surgery. Notwithstanding these deviations there does appear to be a trend which could be explored in more quantitative terms in future analysis.

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<sup>15</sup> Quality and Outcomes Framework (QOF) for April 2012 - March 2013, England. Numbers on QOF disease registers and raw prevalence rates by Practice. Data source: QMAS database - 2012/13 data as at end of June 2013. NHS - copyright of Health and Social care information centre



Map 8-8: GP Surgeries with Mental Health Prevalence scores of over 1% – betting shops



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## Commentary on Map 8-8

Map 8-8 shows red circles centred on the GP surgeries in Southwark that have a diagnosed proportion of the population (prevalence) with a serious mental health condition<sup>16</sup> of over 1%. The mean prevalence in Southwark is 1% [range: 1.7% - 0.3%]. The location of these practices with above average levels of serious mental health conditions corresponds broadly to the location of clusters of betting shops. There are two main deviations from this pattern.

- Firstly there are no GP surgeries with a 1% or over serious mental health prevalence close to clusters 1 (SF17 - Lower Road) and 3 (SF4 / SF5 - Borough High Street).
- Secondly there is also a GP surgery with a below average prevalence of serious mental health conditions close to clusters 4&5 (SF18 - Walworth Road) and 7 (SF26 - A - Rye Lane).

A noted limitation of this type of mapping is that people have a reasonable degree of freedom in which local GP practice they register with, registration may therefore not be with the closest GP surgery. Notwithstanding these deviations there does appear to be a trend which could be explored in more quantitative terms in future analysis.

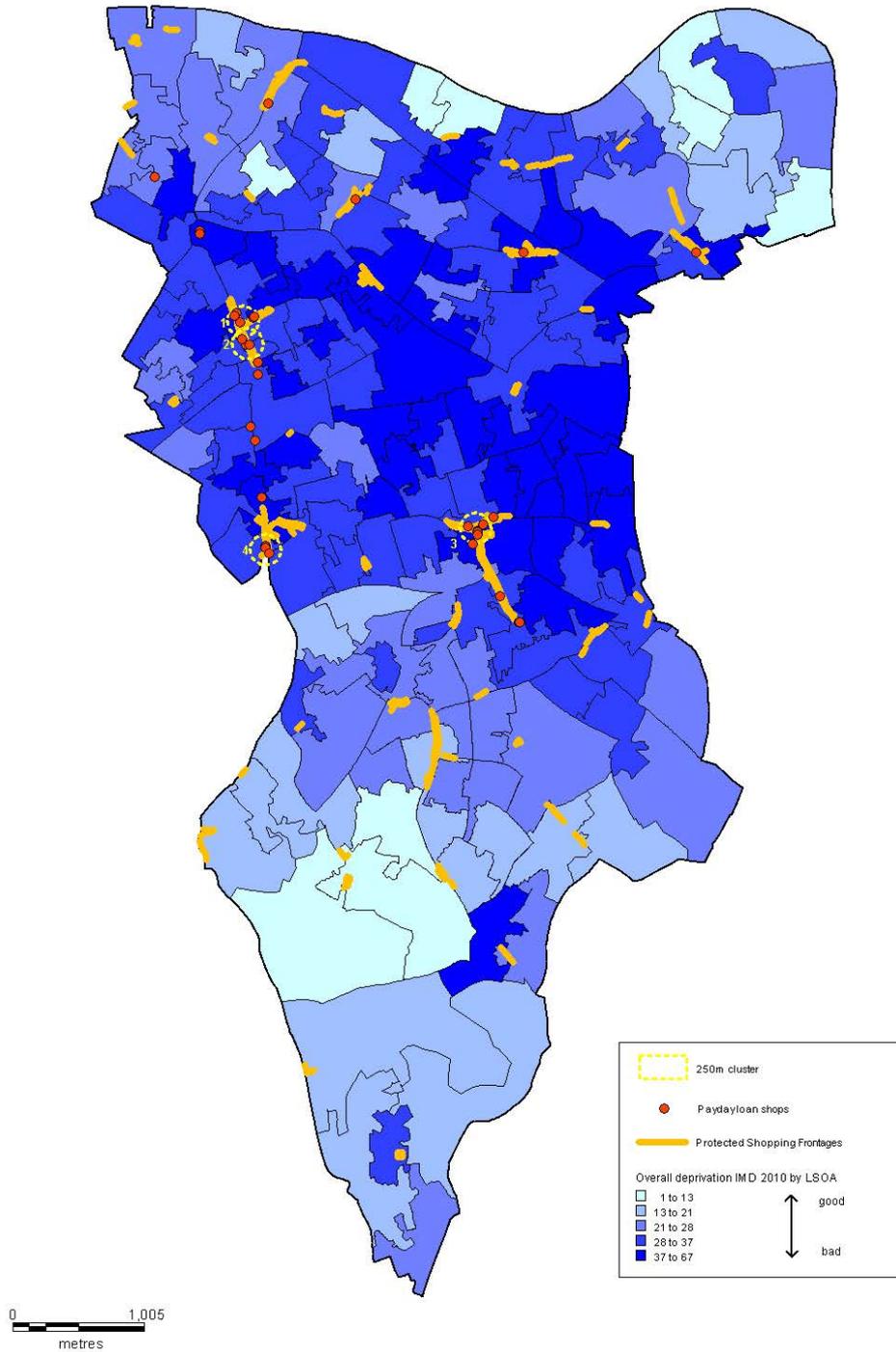
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<sup>16</sup> Quality and Outcomes Framework (QOF) for April 2010 - March 2011, England. Numbers on QOF disease registers and raw prevalence rates by Practice - Mental Health prevalence. Data source: QMAS database - 2010/11 data as at end of July 2011. NHS - copyright of Health and Social care information centre



## Payday loan shops

Map 8-9: Indices of Deprivation Overall Score by LSOAs – payday loan shops



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## Commentary on Map 8-9

### Indicator

The Index of Multiple Deprivation overall score is a combined measure of the specific dimensions of deprivation (income deprivation; employment deprivation; health deprivation and disability; education, skills and training deprivation; barriers to housing and services; crime; and living environment deprivation).

### Cluster

- 1 SF18 - A - Walworth Road - Elephant & Castle
- 2 SF18 - B - Walworth Road - Elephant & Castle
- 3 SF26 - Rye Lane - Peckham
- 4 SF24 - Camberwell New Road - Camberwell

### Mapping analysis

*adjacent areas are in ...*

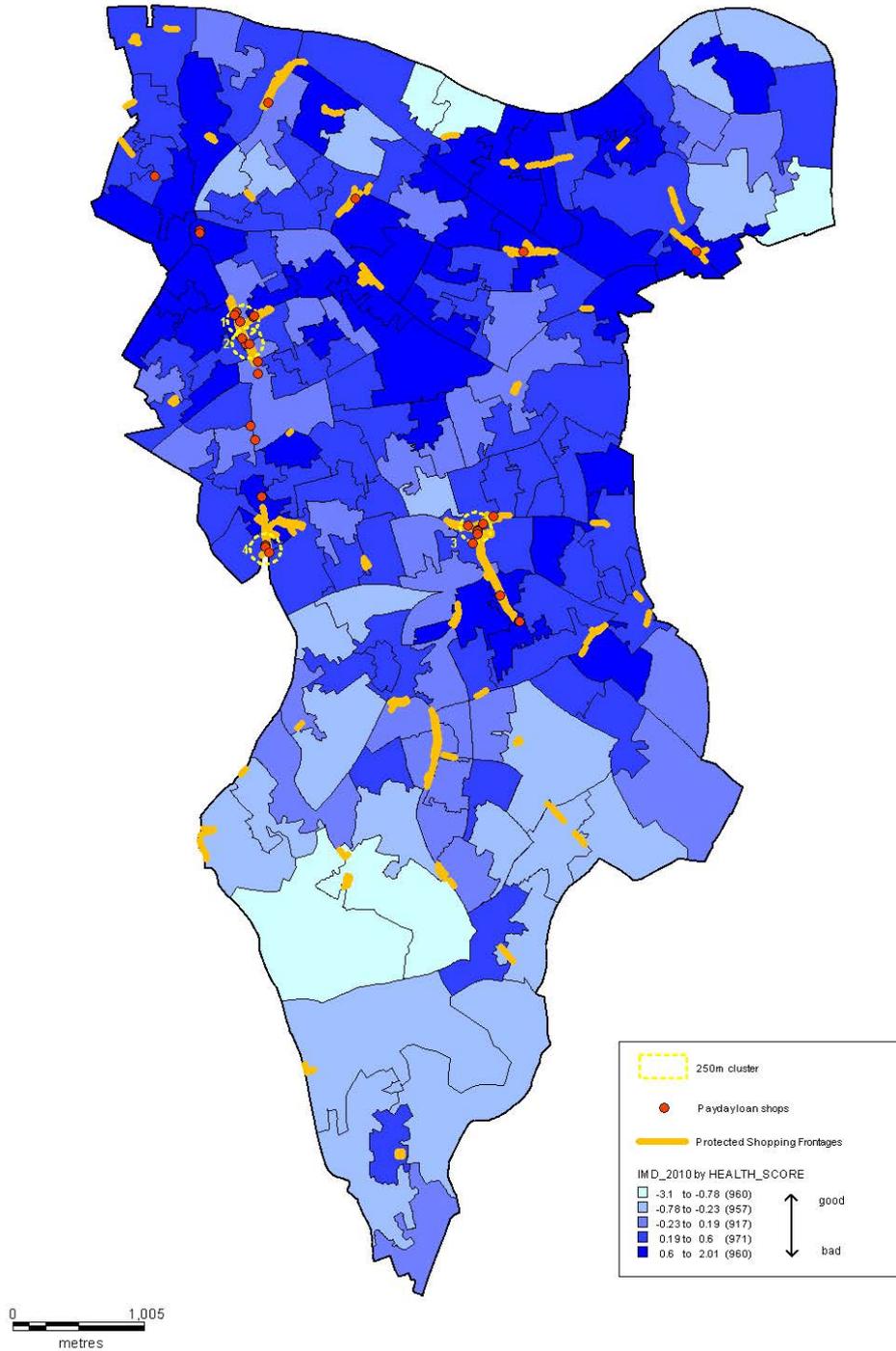
- 4<sup>th</sup> and 5<sup>th</sup> quintiles.  
4<sup>th</sup> quintile.  
4<sup>th</sup> and 5<sup>th</sup> quintiles.  
4<sup>th</sup> and 5<sup>th</sup> quintiles.

### Conclusion:

None of the 33 payday loan shops (0.0%) are located in areas with low overall deprivation (1<sup>st</sup> or 2<sup>nd</sup> quintiles). All clusters of payday loan shops in Southwark are associated with the most deprived areas.



Map 8-10: Indices of Deprivation Health Score by LSOAs – payday loan shops



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## Commentary on Map 8-10

### Indicator

This domain of the Index of Multiple Deprivation measures premature death and the impairment of quality of life by poor health. It considers both physical and mental health. The domain measures morbidity, disability and premature mortality but not aspects of behaviour or environment that may be predictive of future health deprivation.

### Cluster

- |   |  |
|---|--|
| 1 | SF18 - A - Walworth Road - Elephant & Castle |
| 2 | SF18 - B - Walworth Road - Elephant & Castle |
| 3 | SF26 - Rye Lane - Peckham                    |
| 4 | SF24 - Camberwell New Road - Camberwell      |

### Mapping analysis

*adjacent areas are in ...*

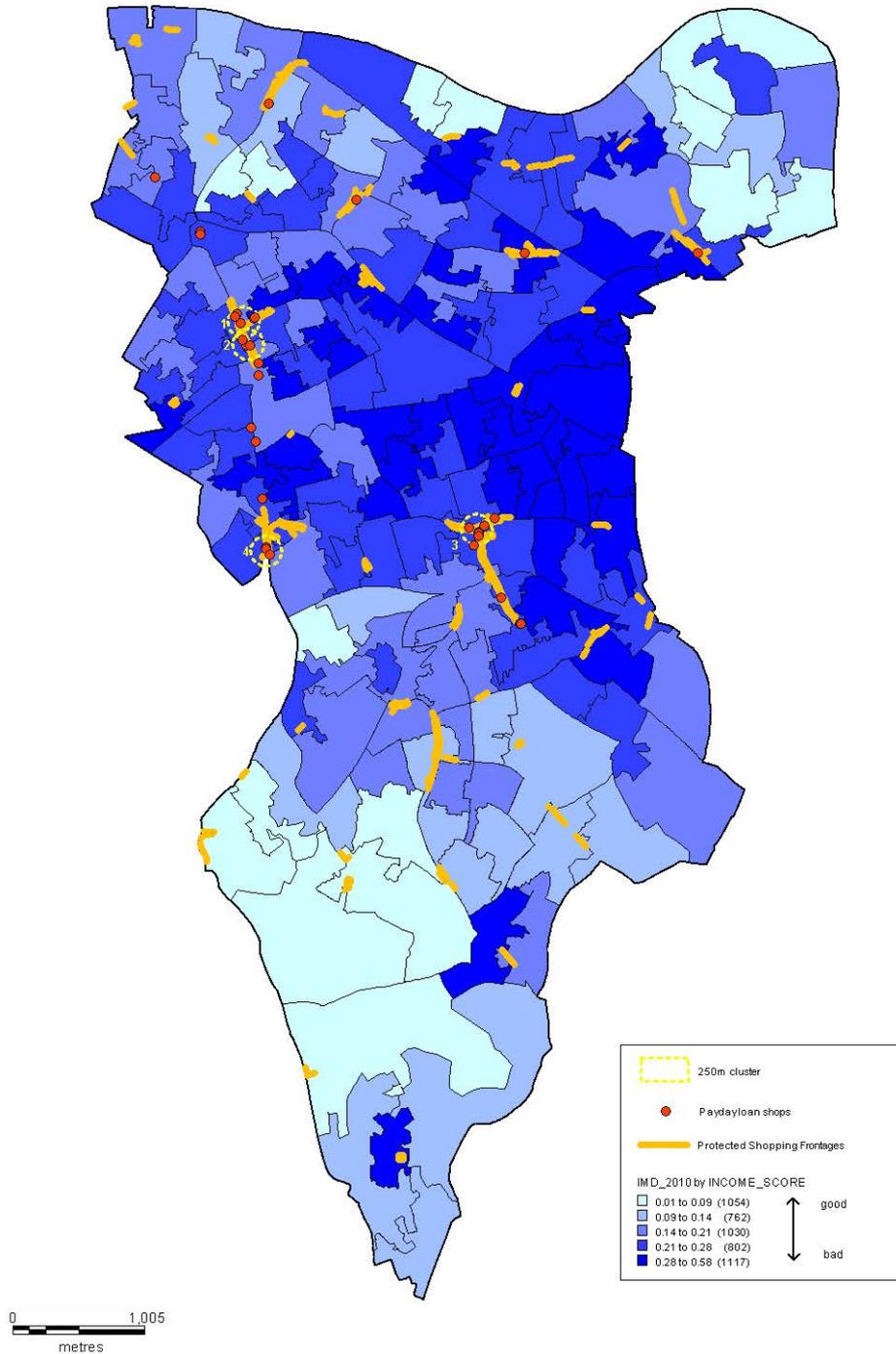
- |  |
|--|
| 3 <sup>rd</sup> , 4 <sup>th</sup> and 5 <sup>th</sup> quintiles. |
| 3 <sup>rd</sup> and 4 <sup>th</sup> quintiles.                   |
| 4 <sup>th</sup> quintile.  |
| 4 <sup>th</sup> and 5 <sup>th</sup> quintiles.                   |

### Conclusion:

None of the 33 payday loan shops (0.0%) are located in areas with low health deprivation (1<sup>st</sup> or 2<sup>nd</sup> quintiles). Clusters of payday loan shops in Southwark tend to be located in areas of high or moderate health deprivation.



Map 8-11: Indices of Deprivation Income Score by LSOAs – payday loan shops



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## Commentary on Map 8-11

### Indicator

This domain of the Index of Multiple Deprivation measures the proportion of the population in an area that live in income deprived families. The definition of income deprivation adopted here includes both families that are out-of-work and families that are in work but who have low earnings (and who satisfy the respective means tests).

### Cluster

- 1 SF18 - A - Walworth Road - Elephant & Castle
- 2 SF18 - B - Walworth Road - Elephant & Castle
- 3 SF26 - Rye Lane - Peckham
- 4 SF24 - Camberwell New Road - Camberwell

### Mapping analysis

*adjacent areas are in ...*

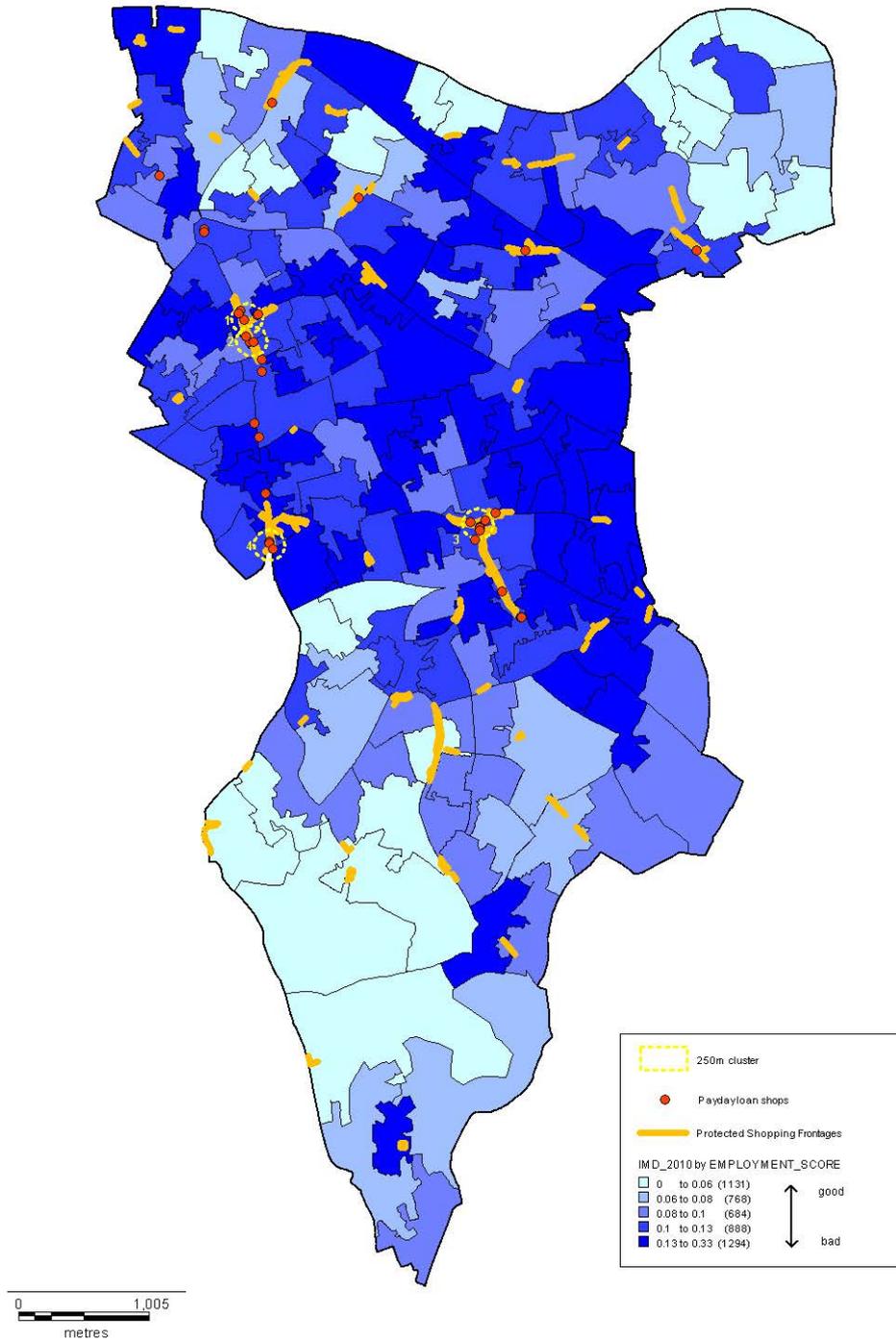
- 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> quintiles.
- 3<sup>rd</sup> and 4<sup>th</sup> quintiles.
- 4<sup>th</sup> quintile.
- 3<sup>rd</sup> and 4<sup>th</sup> quintiles.

### Conclusion:

1 of the 33 payday loan shops (3.0%) is located in an area with low income deprivation (1<sup>st</sup> or 2<sup>nd</sup> quintiles). Clusters of payday loan shops in Southwark tend to be located in areas of moderate income deprivation, not the most income deprived communities. This is consistent with populations with levels of income that can manage repayments but are not large enough to cover unexpected expenses or fluctuations in earnings.



Map 8-12: Indices of Deprivation Employment Score by LSOAs – payday loan shops



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## Commentary on Map 8-12

### Indicator

This domain of the Index of Multiple Deprivation measures employment deprivation conceptualised as involuntary exclusion of the working age population from the world of work. The employment deprived are defined as those who would like to work but are unable to do so through unemployment, sickness or disability.

### Cluster

- 1 SF18 - A - Walworth Road - Elephant & Castle
- 2 SF18 - B - Walworth Road - Elephant & Castle
- 3 SF26 - Rye Lane - Peckham
- 4 SF24 - Camberwell New Road - Camberwell

### Mapping analysis

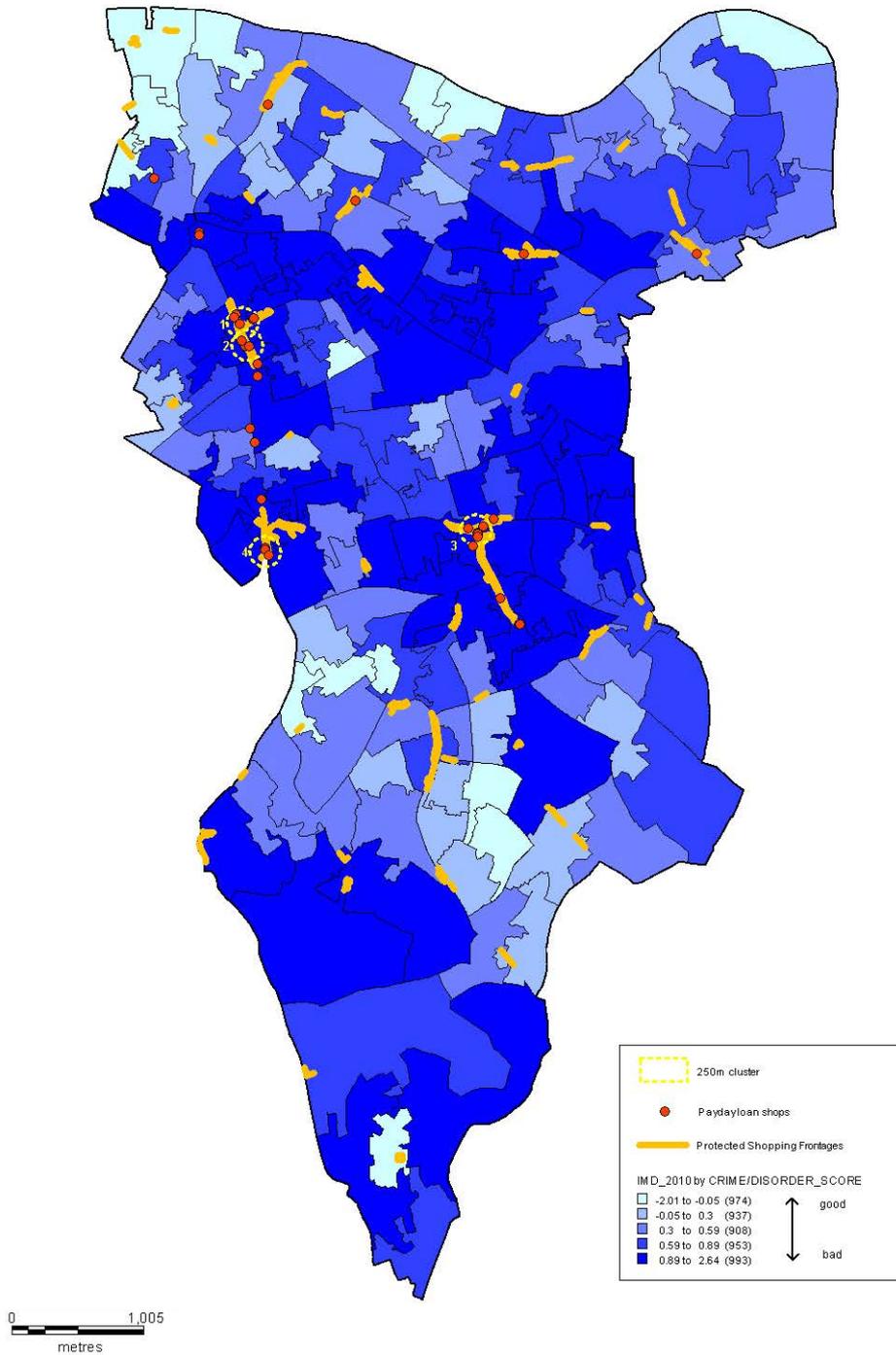
*adjacent areas are in ...*  
3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> quintiles.  
3<sup>rd</sup> and 4<sup>th</sup> quintiles.  
4<sup>th</sup> quintile.  
4<sup>th</sup> and 5<sup>th</sup> quintiles.

### Conclusion:

2 of the 33 payday loan shops (6.1%) are located in areas with low employment deprivation (1<sup>st</sup> or 2<sup>nd</sup> quintiles). Clusters of payday loan shops in Southwark tend to be located in areas of moderate to high employment deprivation.



Map 8-13: Indices of Deprivation Crime Score by LSOAs – payday loan shops



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### Commentary on Map 8-13

#### **Indicator**

This domain of the Index of Multiple Deprivation measures crime. Crime is an important feature of deprivation that has major effects on individuals and communities. The purpose of this domain is to measure the rate of recorded crime for four major crime types – violence, burglary, theft and criminal damage – representing the risk of personal and material victimisation at a small area level.

#### **Cluster**

- 1 SF18 - A - Walworth Road - Elephant & Castle
- 2 SF18 - B - Walworth Road - Elephant & Castle
- 3 SF26 - Rye Lane - Peckham
- 4 SF24 - Camberwell New Road - Camberwell

#### **Mapping analysis**

*adjacent areas are in ...*

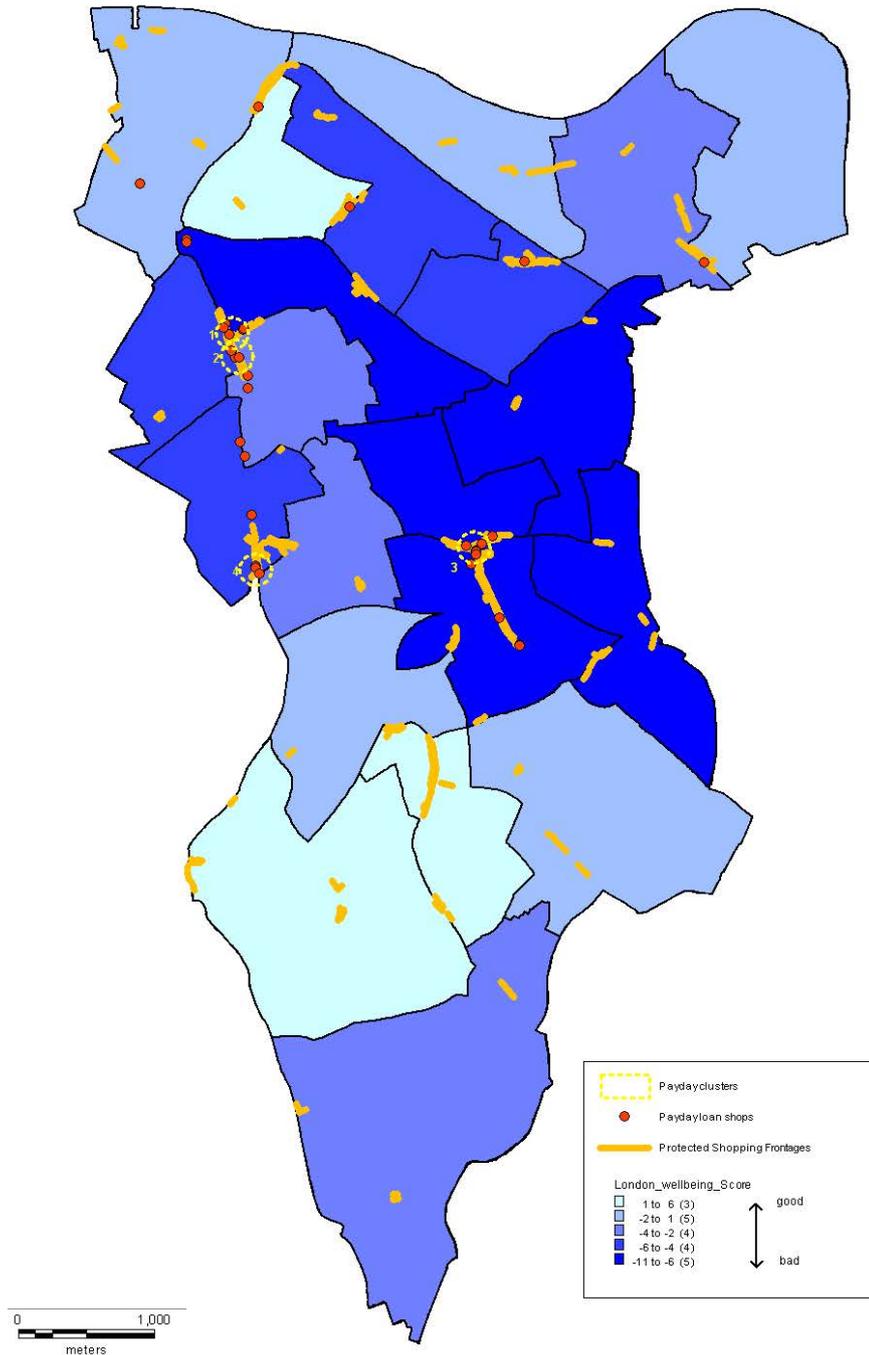
- 5<sup>th</sup> quintile.  
5<sup>th</sup> quintile.  
5<sup>th</sup> quintile.  
5<sup>th</sup> quintile.

#### **Conclusion:**

1 of the 33 payday loan shops (3.0%) is located in an area with low crime deprivation (1<sup>st</sup> or 2<sup>nd</sup> quintiles). All clusters of payday loan shops in Southwark are located in the areas with the highest crime deprivation (5<sup>th</sup> quintile).



Map 8-14: London Well-Being Scores by Ward – payday loan shops



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## Commentary on Map 8-14

### Indicator

The 'London Ward Well-Being Score' is a combined measure of well-being based on 12 indicators across the domains of: health; economic security; safety; education; children; families; transport; environment; and happiness.<sup>17</sup>

### Cluster

- 1 SF18 - A - Walworth Road - Elephant & Castle
- 2 SF18 - B - Walworth Road - Elephant & Castle
- 3 SF26 - Rye Lane - Peckham
- 4 SF24 - Camberwell New Road - Camberwell

### Mapping analysis

*adjacent areas are in ...*

3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> quintiles.

3<sup>rd</sup> and 4<sup>th</sup> quintiles.

5<sup>th</sup> quintile.

3<sup>rd</sup> and 4<sup>th</sup> quintiles.

### Conclusion:

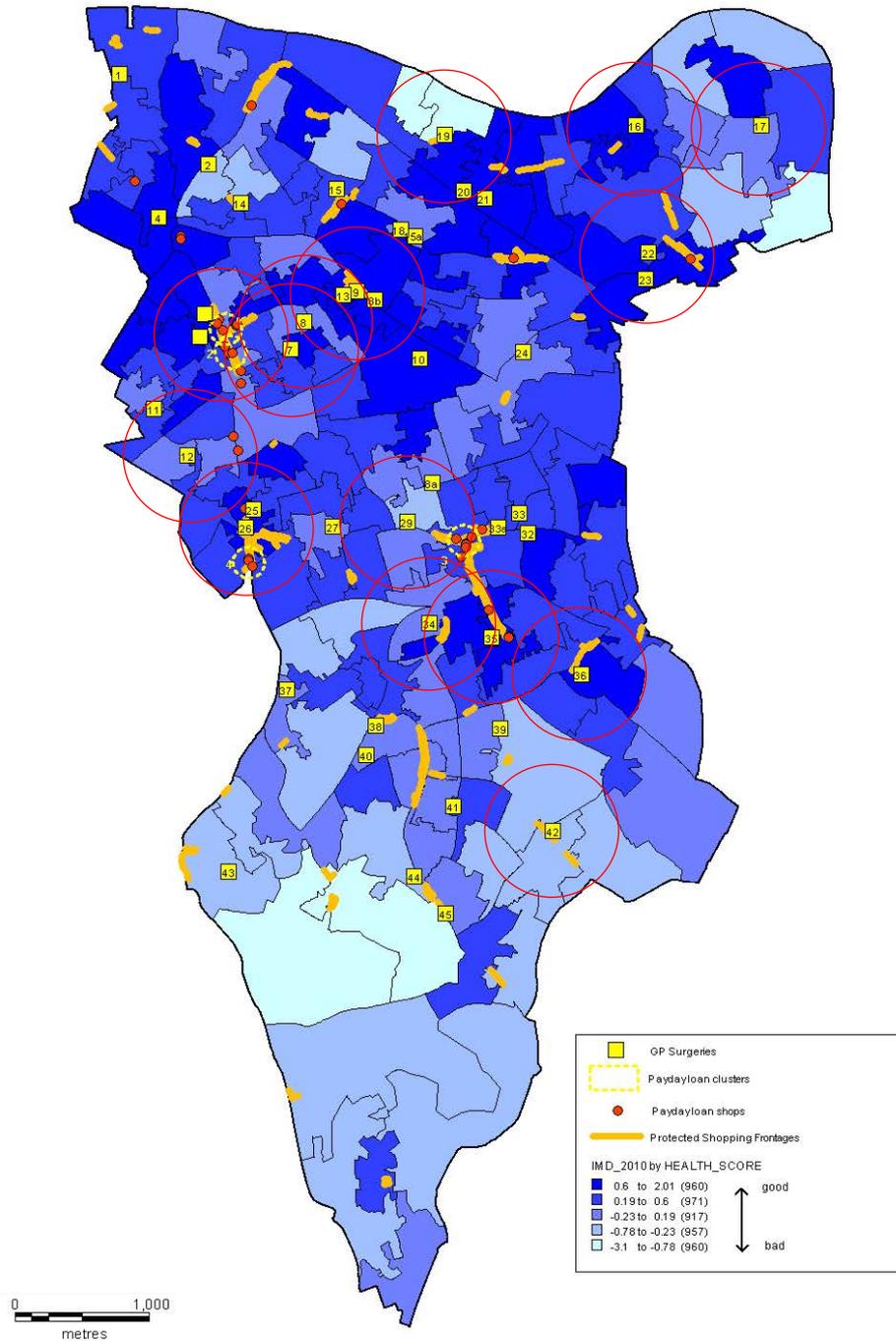
3 of the 33 payday loan shops (9.1%) are located in areas with high wellbeing scores (1<sup>st</sup> or 2<sup>nd</sup> quintiles). All clusters of payday loan shops in Southwark are associated with moderate, low or very low wellbeing scores.

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<sup>17</sup> London Ward Well-Being Probability Scores - 2013 edition (153). No weighting applied.



Map 8-15: GP Surgeries with Depression Prevalence scores of 5% or over – payday loan shops



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### Commentary on Map 8-15

Map 8-15 shows red circles centred on the GP surgeries in Southwark that have a diagnosed proportion of the population (prevalence) with depression of 5% or over<sup>18</sup>. The mean prevalence in Southwark is 4.2% [range: 7.4% - 1.2%]. The location of these practices with above average levels of depression corresponds broadly to the location of clusters of payday loan shops. There is one main deviation from this pattern.

- There are also GP surgeries with a below average prevalence of depression close to clusters 3 (SF26 - Rye Lane) and 4 (SF24 - Camberwell New Road).

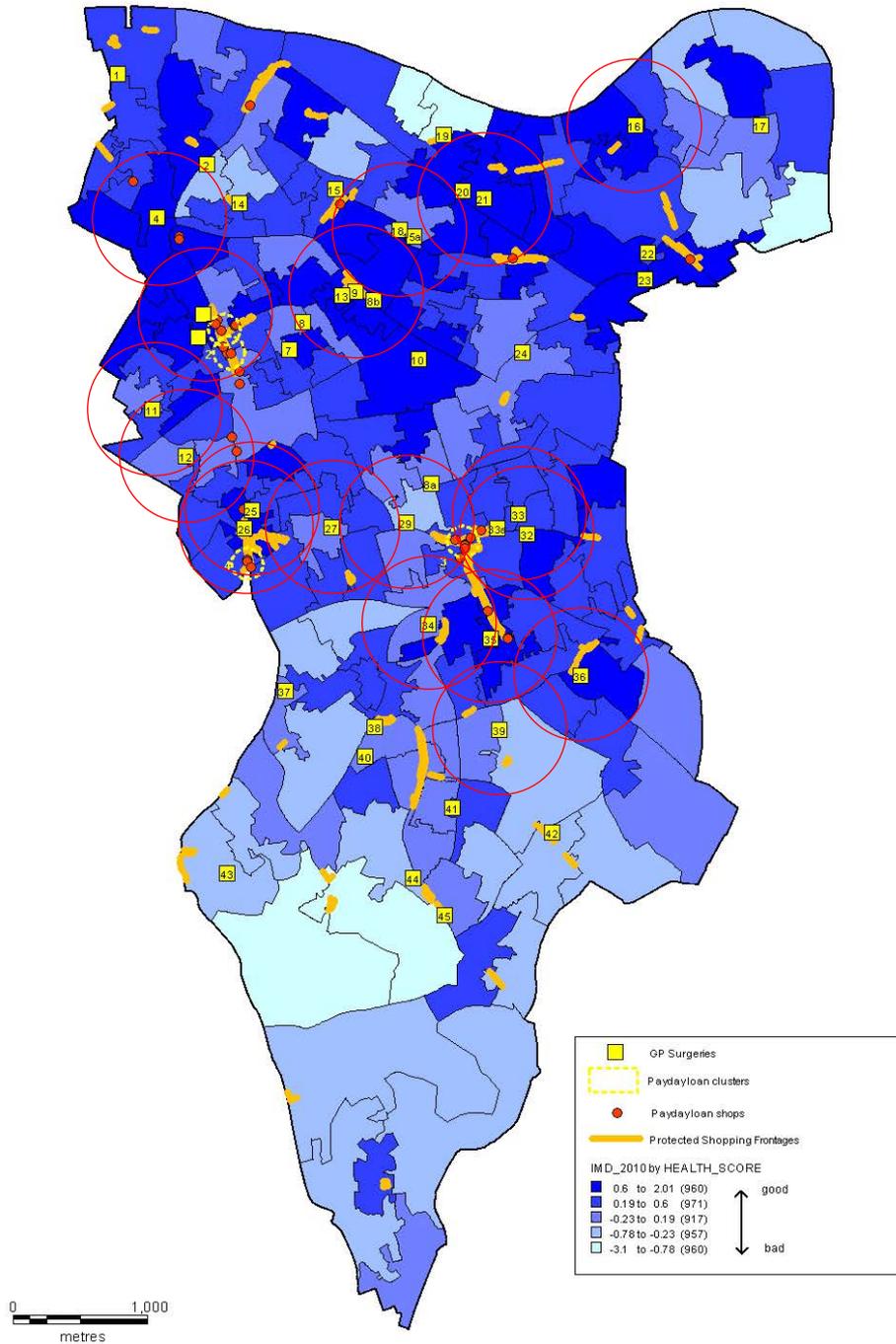
A noted limitation of this type of mapping is that people have a reasonable degree of freedom in which local GP practice they register with, registration may therefore not be with the closest GP surgery. Notwithstanding this deviation there does appear to be a trend which could be explored in more quantitative terms in future analysis.

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<sup>18</sup> Quality and Outcomes Framework (QOF) for April 2010 - March 2011, England. Numbers on QOF disease registers and raw prevalence rates by Practice - Mental Health prevalence. Data source: QMAS database - 2010/11 data as at end of July 2011. NHS - copyright of Health and Social care information centre



Map 8-16: GP Surgeries with Mental Health Prevalence scores of over 1% – payday loan shops



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### Commentary on Map 8-16

Map 8-16 shows red circles centred on the GP surgeries in Southwark that have a diagnosed proportion of the population (prevalence) with a serious mental health condition<sup>19</sup> of over 1%. The mean prevalence in Southwark is 1% [range: 1.7% - 0.3%]. The location of these practices with above average levels of serious mental health conditions corresponds broadly to the location of clusters of payday loan shops. There is one main deviation from this pattern.

- There is also a GP surgery with a below average prevalence of serious mental health conditions close to clusters 1&2 (SF18 - Walworth Road) and 3 (SF26 - A - Rye Lane).

A noted limitation of this type of mapping is that people have a reasonable degree of freedom in which local GP practice they register with, registration may therefore not be with the closest GP surgery. Notwithstanding this deviation there does appear to be a trend which could be explored in more quantitative terms in future analysis.

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<sup>19</sup> Quality and Outcomes Framework (QOF) for April 2010 - March 2011, England. Numbers on QOF disease registers and raw prevalence rates by Practice - Mental Health prevalence. Data source: QMAS database - 2010/11 data as at end of July 2011. NHS - copyright of Health and Social care information centre



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