

London Borough of Hammersmith and Fulham
Proposed Submission Local Plan

**Background paper: Betting Shops, Pawn Brokers and
Payday Loans Shops**

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For further information please contact:

Development Plans Team
Planning Division
Planning and Development Department
London Borough of Hammersmith and Fulham
Town Hall Extension
King Street
London
W6 9JU

Telephone 020 8753 1081
Email localplan@lbhf.gov.uk
Website www.lbhf.gov.uk

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1 Purpose of this report

1.1 This paper provides evidence to support Local Plan policy TLC6 which seeks to prevent the clustering of betting shops, pay day loan shops, and pawnbrokers. This paper demonstrates how Hammersmith and Fulham's approach is sound, supported by evidence and accords with the National Planning Policy Framework and London Plan.

2 Background

2.1 The number of betting shops, payday loan stores, and pawnbrokers has increased in recent years. A study that examined 1,300 UK high streets between 2011 and 2013 showed pawnbrokers/payday lenders and betting shops increased their town centre presence by 17% (Local Data Company and the University of Oxford, 2013, page 5). Furthermore, there has been a 94.8% increase in pawnbrokers across London since January 2010, along with an increase in numbers of betting shops.

2.2 The number of betting shops, payday loan stores and pawnbrokers has increased in Hammersmith and Fulham in recent years, which is a concern to many residents in the borough. Some town centres in particular have areas where a number of these uses are concentrated, for example North End Road in Fulham and King Street in Hammersmith. The Council considers that the proliferation of such uses can damage the function and character of town centres. To protect the vitality and viability of Hammersmith and Fulham's centres the Council is therefore seeking to prevent clusters of betting shops, payday loan stores, and pawnbrokers from forming.

3 Policy Context

3.1 The National Planning Policy Framework (NPPF) states that there are three dimensions to sustainable development: economic, social, and environmental. The planning system should contribute to building a strong, responsive and competitive economy, support strong, vibrant and healthy communities, and protect the natural and built environment.

3.2 The NPPF states that planning policies should be positive, promote competitive town centre environments (paragraph 23), and aim for a balance of land uses so that people can be encouraged to minimise journey lengths for employment, shopping, leisure, education and other activities (paragraph 37). It also states that Local Planning Authorities should:

“recognise town centres as the heart of their communities and pursue policies to support their viability and vitality”, and “promote competitive town centres that provide customer choice and a diverse retail offer and which reflect the individuality of town centres” (paragraph 23).

3.3 The London Plan (2016) sets the London-wide framework for town centre and retail uses. The Plan states that boroughs should support a successful, competitive and diverse retail sector which promotes sustainable access to the goods and services (Policy 2.15). It also states that borough plans should take a proactive approach to planning for retailing and related facilities and services and manage clusters of uses having regard to their positive and negative impacts including a centre's:

- broader vitality and viability,
- broader competitiveness, quality or diversity of offer,
- success and diversity of its broader retail sector, and
- role in promoting health and well-being.

3.4 Paragraph 4.50A of the London Plan states that it is important that the planning system is used to help manage clusters of uses to provide diverse and more vital and viable town centres and specifically that over-concentrations of betting shops and hot food takeaways can give rise to concerns.

3.5 The Mayor's supplementary planning guidance for town centres states that boroughs are encouraged to manage over-concentrations of activities, for example betting shops, hot food takeaways and pay day loan outlets (SPG implementation part 1.2).

Regarding betting shops, it recognises that:

"there are genuine planning issues affecting amenity, community safety, diversity of uses and the continued success of town centres which justify allowing planning authorities to consider the merits of proposals for betting shops" (paragraph 1.2.30).

It states that:

"there appears to be a correlation between the number of pay day loan outlets and the level of deprivation of an area. Growth in the number of these outlets has given rise to concerns in some parts of the capital. Where planning permission for change of use is required boroughs can help to limit the growth of payday loan shops by resisting such uses where they will result in an over-concentration and where they could impact on the amenity, character, diversity and/or function of an area" (paragraph 1.2.37)

3.5 Betting shops, pay day loan shops, and pawnbrokers are classed as a Sui Generis use. These uses were formerly in Class A2 but were changed to Sui Generis uses in a revision to the Town and Country Planning (General Permitted Development) (England) Order in 2105, following the Government's 2014 Technical consultation on planning. The consultation showed overwhelming support for the proposal to require a planning application for change of uses to such uses.

4 Betting Shops, Pawn brokers, Payday Loan Shops in H&F

Betting Shops

4.1 Betting shops are defined as premises where the primary activity is betting services. Betting shops have undergone significant change in recent years with fixed odds betting terminals now accounting for a higher proportion of betting shop revenue than traditional over the counter betting. Gambling legislation limits the number of fixed odds betting terminals to four machines per premises, which have driven a proliferation of betting shops on the high street.

4.2 In order to identify the number and concentration of betting shops in Hammersmith and Fulham, and in particular on North End Road, officers have drawn upon the gambling licensing data to indicate which premises in the borough have a gambling license. This information gives a definitive picture of the number and concentration of betting shops, as without a license the operators would be unable to trade. We have produced a series of graphs and maps to illustrate the location and concentration of betting shops in our town centres, designated local centres and out of centre locations. These are available in Appendix 1. Set out below are the key findings from the research:

Betting Shops - Key Survey findings:

- **In July 2014 licensing data indicates that the majority of betting shops are located within the borough's town centres, totalling 21 betting shops or 46% of the total.**
- **12 betting shops (27%) are located within other retail designations (Key Local Centres, Neighbourhood Parades, Satellite Parades)**
- **13 betting shops (28%) are located outside the designated areas**
- **At ward level, 21% of the betting shops are located in Fulham Broadway, 21% in Hammersmith Broadway and 18% in Shepherd's Bush Green, reflecting the concentration of betting shops in the town centres, where they tend to cluster.**
- **39% of betting shops are within the most deprived areas of the borough, showing a strong correlation between the location of betting shops and socio-economic deprivation.**
- **40 (87%) of the 46 betting shops are located within 400m of the most deprived areas of the borough.**
- **8 betting shops are located on North End Road, representing 17% of the total number of betting shops in the borough.**

Pawn Brokers and Payday loan shops

4.3 A pawnbroker is a store that offers loans in exchange for personal property as equivalent collateral. If the loan is repaid in the contractually agreed timeframe, the collateral may be repurchased at its initial price plus interest. If the loan cannot be repaid on time, the collateral may be liquidated by the pawnshop through a pawnbroker or second hand dealer through sales to customers. Increasingly many pawnbrokers also function as payday lenders.

4.4 A payday lender is a company that lends customers small amounts of money at high interest rates, on the agreement that the loan will be repaid within a short period of time typically when the borrower receives their next wages. Payday lending has grown rapidly in recent years as a convenient but expensive form of short-term personal credit. There is a significant presence of payday lenders on the high street.

4.5 In order to identify the number and concentration of Pawnbrokers and Payday Loan shops in Hammersmith and Fulham, officers have drawn upon town and local centre survey data to indicate where such premises are located. This information gives a picture of the number and concentration of Pawnbrokers and Payday Loan shops within the council's designated shopping areas. This is available in Appendix 2.

4.6 Set out below are the key findings from the research. This not a complete picture, however, as there will be some premises which are located outside of these shopping areas.

Pawn brokers and Payday Loan Shops- Key Survey findings:

- **August 2014 survey data indicates that the majority of Pawn Brokers and Payday Loan Shops are located within the borough's town centres, totalling 8 or 53% of the total.**
- **7 Pawn brokers and Payday Loan Shops (47%) are located within other retail designations (Key Local Centres, Neighbourhood Parades, Satellite Parades)**
- **At ward level, 13% of the Pawn brokers and Payday Loan Shops are located in North End, 20% in Hammersmith Broadway and 40% in Shepherd's Bush Green, reflecting the concentration of Pawn Brokers in the town centres, where they tend to cluster.**
- **47% of Pawn brokers and Payday Loan Shops are within the most deprived areas of the borough, showing a strong correlation between the location of betting shops and socio-economic deprivation.**
- **11 (74%) of the 15 Pawn brokers and Payday Loan Shops are located within 400m of the most deprived areas of the borough.**
- **2 Pawn brokers and Payday Loan Shops are located on North End Road, representing 13% of the total number in the borough centres.**

5 Evidence and Impacts

5.1 The impacts of clusters of betting shops, payday loan shops, and bookmakers is recognised by national publications, the London Plan, the Mayor's Town Centres Supplementary Planning Guidance, by other local authorities, and has been the subject of considerable public and media interest. The following section draws together the main points of evidence on how betting shops, payday loan shops, and bookmakers can impact on the vitality and viability of the high street and potentially on health and wellbeing.

National Evidence

5.2 A **House of Commons paper** - Fixed Odds Betting Terminals states that B2 machines have proved controversial since they first appeared. The paper states that critics point out that it is possible to lose large amounts of money and that the machines have a causal role in problem gambling, however the gambling industry says there is no evidence of causal link between B2 machines and problem gambling. The paper states:

"The evidence on the exact causal role (if any) of B2 machines in problem gambling is inconclusive and so the controversy continues. The Responsible Gambling Strategy Board (RGSB, an independent body advising the Gambling Commission) has said that there is a complex relationship between gaming machines, gambling and problem gambling and that the "correlations and associations" between gaming machines and gambling-related harm are "poorly understood". However, after looking at data from the British Gambling Prevalence Survey 2010, the RGSB did acknowledge that there was "a growing group of gamblers participating in machines in bookmakers who might be more at risk of problem gambling given that age, gender and income are all correlated with problem gambling". (House of Commons Library 2015, page 6)

5.3 In 2011 Mary Portas was appointed by the government to lead an independent review into the future of the high street. **The Portas Review** was published on 13 December 2011. The review states that:

"I also believe that 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." (page 29)

5.4 Recommendation 13 of the report is to put betting shops into a separate use class so that Local Authorities can control these uses. The government has acted upon this recommendation and in the latest update to the general permitted development order which came into effect on 16 April 2015 betting

shops were removed from the A2 use class and made a sui generis use meaning planning permission will always be required for a change to a betting shop use. The Council has responded to this change by adding controls to the Local Plan for betting shops.

5.5 A **paper by the Centre for Social Justice** links high cost credit to problem debt, and problem debt to mental health difficulties, family breakdown, addiction, worklessness and crime (Centre for Social Justice 2013, page 87). High-cost credit refers to payday loans, home-collected credit, and pawnbroker loans. Loans of this type are usually of low value but have high interest rates.

5.6 The paper states that growing pressures on household budgets and restrictions on mainstream lending have led increasing numbers of low-income households to turn to high-cost lenders including pawnbrokers, payday lenders, home credit and illegal moneylenders. The paper points to minority of users for whom high-cost credit can quickly drive them deeper into problem debt (Centre for Social Justice 2013, page 19).

5.7 According to a government survey 62% of households using high-cost credit were in financial difficulties (insolvency action or arrears) compared with 15% of other users of unsecured credit. Furthermore 42% of payday loan customers said that their loan had been rolled over, exposing them to high charges and interest rates (Department for Business, Innovation and Skills 2013, page 92).

Regional Evidence

5.8 The **London Assembly paper** on Empty Shops on London's High Streets considered the perception amongst many that certain uses, including betting shops, act to devalue the attractiveness of a high street as a destination and reducing its vitality and viability. It states:

"Many contributors to the Committee's investigation are concerned about a growing concentration of particular types of shop on London's high streets. The Committee received the greatest number of complaints about the proliferation of betting shops, but also heard multiple complaints about the increase in payday loan shops, pawnbrokers, charity shops, fast food takeaways, supermarket chains, coffee shop chains and 99p/pound shops" (London Assembly 2013, page 29)

"Some types of shop may have other, negative economic impacts on an area. We have heard that 'low quality' units reduce the overall value of the high street, dissuading other businesses from opening there." (London Assembly 2013, page 30)

5.9 The report also states that the Committee heard the view that 'low quality' units reduce the overall value of the high street, dissuading other businesses

from opening there. Ealing Broadway BID suggested that many businesses do not want to be located close to betting, 99p/pound, charity and fast food shops (London Assembly 2013, page 30). Furthermore this report states that the committee heard views that bookmakers can also have the effect of increasing rent in an area as they are often national chains they can afford to pay high prices (London Assembly 2013, page 30).

5.10 One of the effects of clusters of betting shops is to reduce the offer of the centre by replicating a use. In the Committee report a former Director of Sales and Lettings at property firm Grosvenor, explained the impact of over-concentration:

“People stop coming. People stop visiting. It is driving down value to the community because you do not have, yet again, another offer. It is a replication. Actually, it does not matter whether it is a betting shop or a mobile phone shop. It is the users. You just do not want six out of ten shops the same. It is the variety and it is the palette that you are offering that brings people to high streets” (London Assembly 2013, page 30).

Other Borough Evidence

Brent

5.11 Brent has consulted on a new planning policy controlling betting shops. The Brent Local Plan Development Management Policies was subject to public examination hearings in May 2016. Development management policy DMP3 states:

“Betting shops, adult gaming centres and pawnbrokers will be permitted where it will result in:- no more than 4% of the town or neighbourhood centre frontage consisting of betting shops; no more than 3% of the town or neighbourhood centre frontage consisting of adult gaming centres or pawnbrokers/payday loan shops; a minimum of 4 units in an alternative use in-between.” (Brent Development Management Policies - Submission draft Sept 2015)

Camden

5.12 Camden council submitted a new Local Plan policy controlling betting shops, pawn brokers and payday loan shops to the Planning Inspectorate for examination in June 2016. Policy TLC4 states:

“To prevent the proliferation of betting shops, payday loan stores, and pawnbrokers which harm the vitality and viability of our centres, the Council will generally resist schemes which result in more than one betting shop, payday loan store or pawnbroker within 400m distance of each other.” (Camden Proposed Submission Local Plan 2015).

Islington

5.13 Islington's Development Management Policies were adopted in June 2013. Policy DM4.3 (Location and concentration of uses) states:

"A. Proposals for cafes, restaurants, drinking establishments, off licences, hot food takeaways, lap dancing clubs, nightclubs, casinos, betting shops, amusement centres and other similar uses will be resisted where they:

i) Would result in negative cumulative impacts due to an unacceptable concentration of such uses in one area; or

ii) Would cause unacceptable disturbance or detrimentally affect the amenity, character and function of an area."

Islington adopted the Location and concentration of uses Supplementary Planning Document in April 2016. The SPD states that

"All applications for new betting shops will be robustly assessed, with particular regard had to potential adverse impacts on character, function, vitality, viability, amenity and health and wellbeing" (paragraph 7.32).

Haringey

5.14 On 24 May 2016 Haringey submitted their Development Management DPD to the Secretary of State for independent examination. Policy DM46 sets out Haringey's approach to betting shops. The plan states proposals for betting shops will only be permitted where the total number of betting shops (including extant planning permissions) will not exceed 5% of the units within the town or local centre (Haringey 2016, page 72).

6 Proposed Local Plan Policy

6.1 The Council's policies on the mix and balance of uses with Hammersmith and Fulham's centres are set out in Local Plan Policy TLC6 (see policy extract from the Proposed Submission Local Plan 2016 below). This policy states that the Council will seek to limit the amount and concentration of betting shops, pawnbrokers and payday loan shops in areas of high concentration.

Policy TLC6 - Betting Shops, Pawnbrokers and Payday Loan Shops and Hot Food Takeaways

To ensure that shopping areas remain diverse and balanced, the council will seek to limit the amount and concentration of betting shops, pawnbrokers and payday loan shops in areas of high concentration.

Planning permission for new betting shops, pawnbrokers and payday loan shops will not be permitted in the prime retail frontage of town centres or within 400 metres of the boundary of an existing or permitted betting shop, pawnbrokers or payday loan shop.

Outside of these areas, planning permission will only be granted for a betting shop, pawnbrokers or payday loan shop in accordance with the quotas that apply and where it can be demonstrated that the proposal will not impact on residential amenity and will add to the vitality of the existing shopping parade or cluster.

When considering proposals for hot food takeaways (class A5), and in addition to the quota policies that will apply, the council will take into account proximity to areas where children and young people are likely to congregate, such as schools, parks and youth facilities.

6.2 The council consider that clusters of payday loan shops, betting shops, and pawnbrokers can have negative impacts on the vitality and viability of centres. The NPPF states that local planning authorities should pursue policies to support the vitality and viability of town centres, and should promote competitive town centres with a diverse retail offer which reflect the individuality of centres. The London Plan and the Mayor's Town Centre SPG specifically support the control of clusters of betting shops and payday loan shops.

6.3 Accordingly the Council has proposed a policy criterion in Policy TLC6 that seeks to resist these uses in the prime retail frontage of town centres and within 400 metres of the boundary of an existing or permitted betting shop, pawnbrokers or payday loan shop. A distance of 400m was selected as it is a commonly accepted metric of 'walking distance' or the distance that most people will be willing to walk to local services or transit. The 400m distance is also often described as representing a 5 minute walk. Adopting a 400m buffer zone means that centres will still be able to offer betting shops, payday loan shops, and pawnbrokers, but clusters will be prevented. The Council considers that this is a

more effective approach than placing a limit on the proportion of these uses in a centre as with a proportion-based approach such uses could still form a cluster in part of the centre.

7 Conclusions

7.1 The approach to betting shops, pay day loan shops and pawnbrokers in the Local Plan is considered to be consistent with national and London-wide policy in supporting the continued success, vitality and viability of Hammersmith and Fulham's centres. The London Plan and the Mayor's SPG on town centres specifically recommend controlling clusters of certain uses, in particular betting shops. The approach is positively prepared as it plans to maintain an appropriate mix and balance of uses on the high street. The policy is not a ban on betting shops, payday loan shops or pawnbrokers, but rather seeks to stop clusters of these uses from being developed which may harm the vitality and viability of Hammersmith and Fulham's centres.

7.2 The approach is justified by evidence showing firstly that the clustering of payday lending, betting shops, and pawnbrokers is occurring in the borough and secondly that concentrations of these uses can harm the vitality and viability of centres, and have been linked with health and wellbeing impacts. For the reasons set out above, the Local Plan's approach is considered to be justified, effective, positively prepared and consistent with national and London Plan Policy and is therefore considered to be sound.

8 References

Department for Communities and Local Government, **National Planning Policy Framework**, March 2012.

Mayor of London, **Town Centres Supplementary Planning Guidance**, July 2014.

Centre for Social Justice, **Maxed Out – Serious Personal Debt in Britain**, November 2013.

Department for Business, **Innovation, and Skills, Credit, debt and financial difficulty in Britain**, 2012, June 2013.

Gambling Commission, Professor Mark Griffiths, International Gaming Research Unit, Nottingham Trent University, **Impact of high-stake, high-prize gaming machines on problem gambling**, December 2008.

House of Commons Library, Briefing Paper by John Woodhouse, **Fixed Odds Betting Terminals**, Number 06946, 12 August 2015.

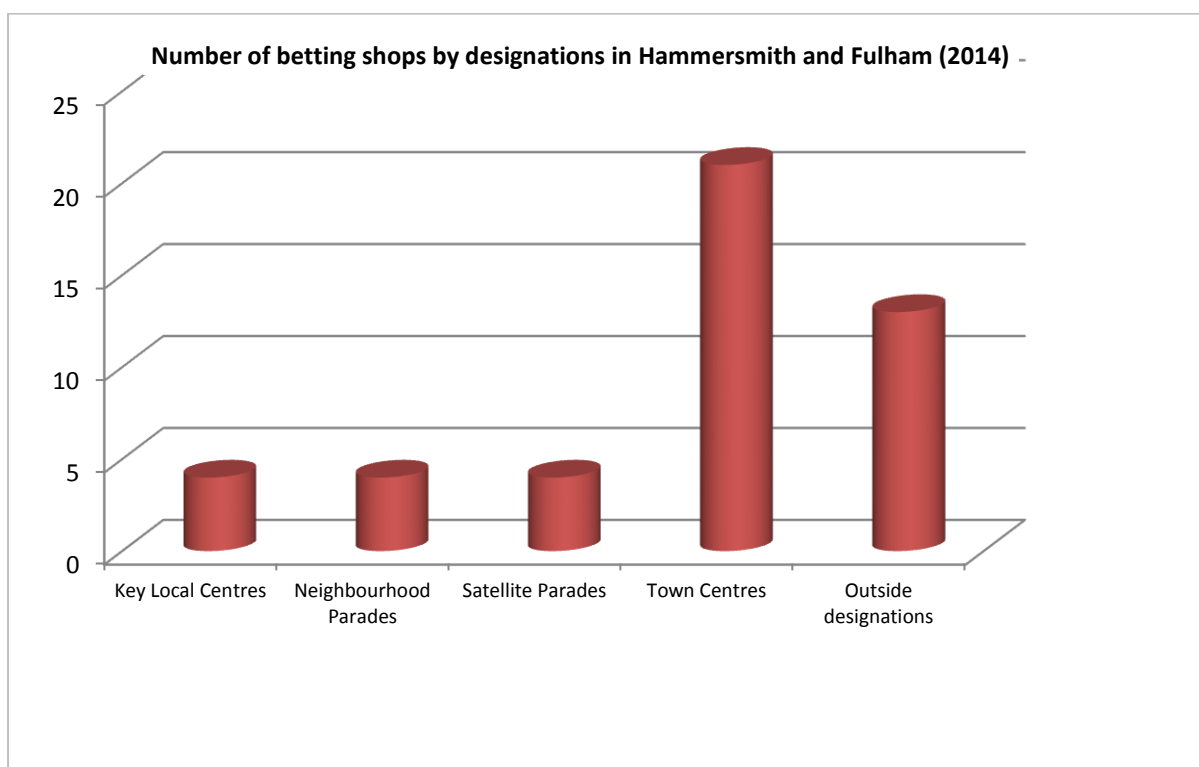
Local Data Company and the University of Oxford (Saïd Business School), **The State of UK Retail Places**, June 2013.

London Assembly Economic Committee, Open for Business, **Empty Shops on London's High Streets**, March 2013.

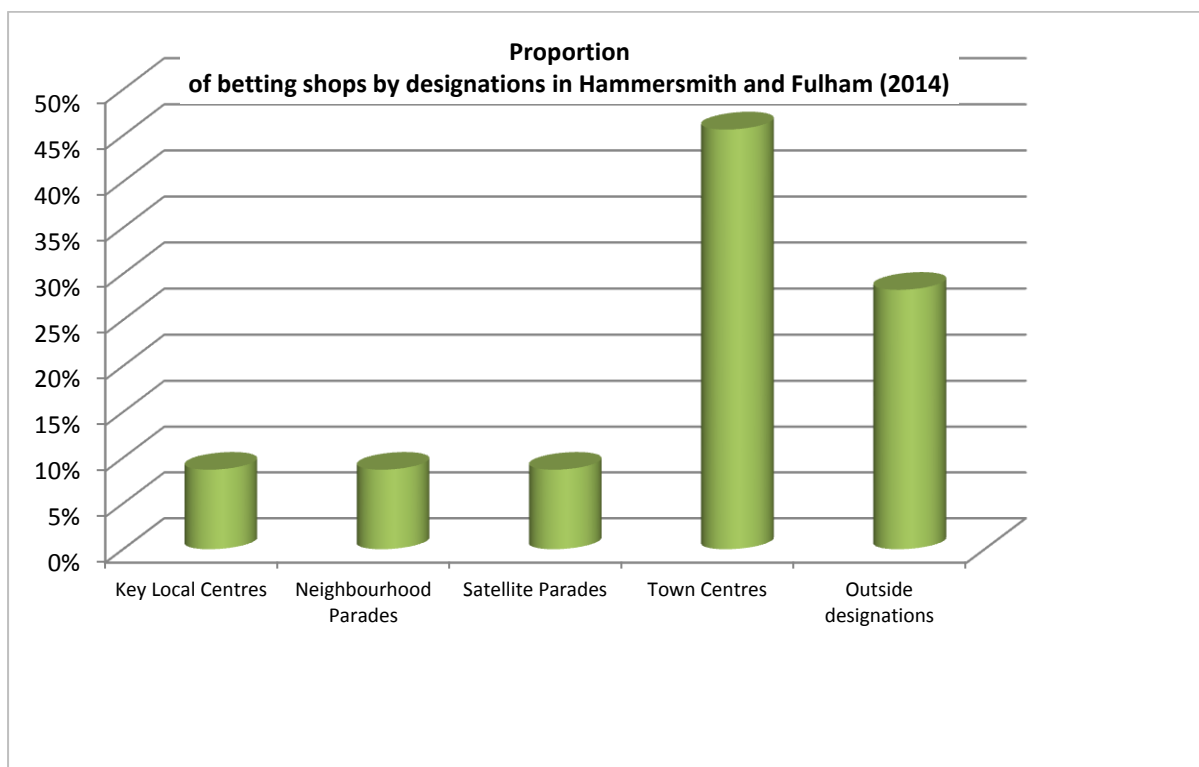
Mary Portas, **The Portas Review: An independent review into the future of our high streets**, December 2011.

Stepchange, Press Release: **Payday loan problems still on the rise**, September 2014.

Appendix 1- Betting shop survey data



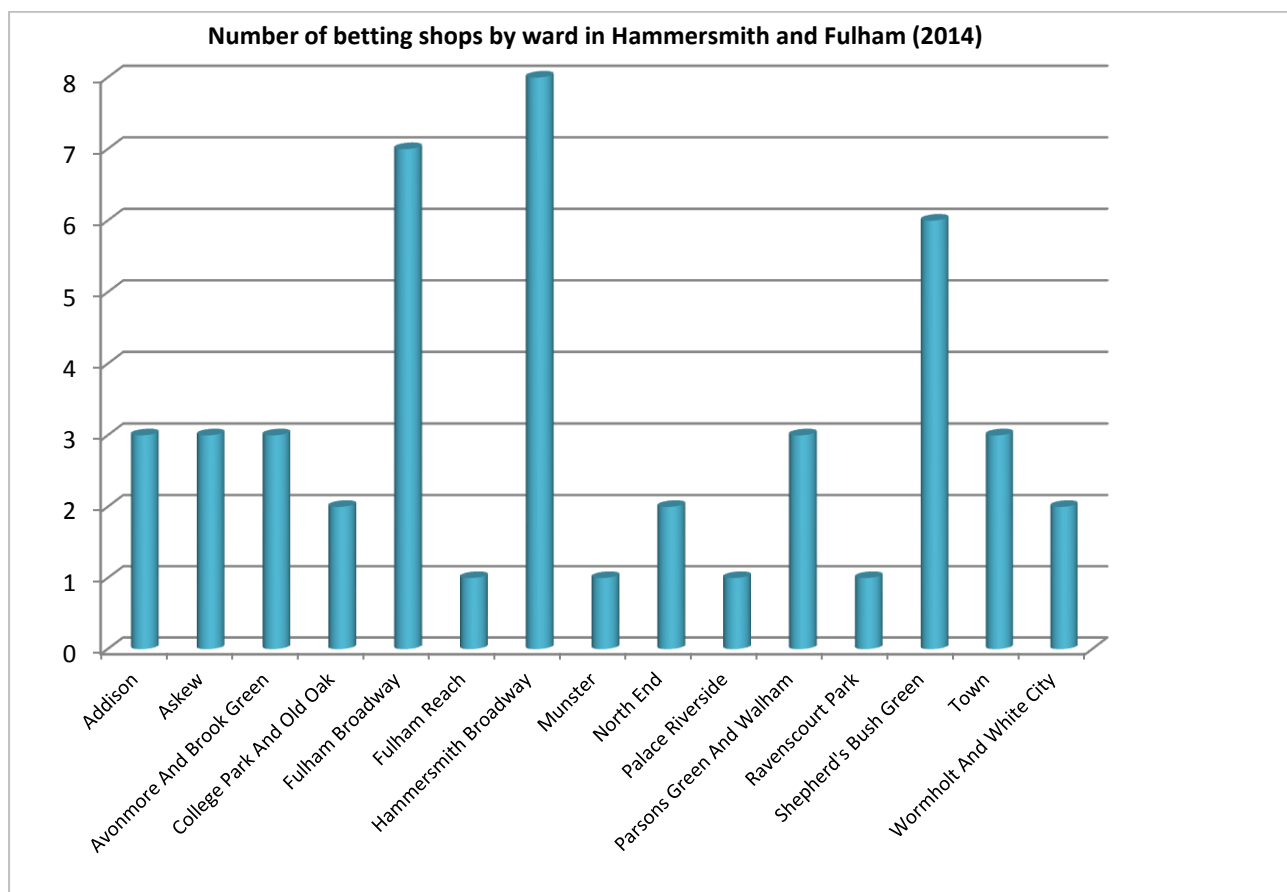
Source: Uniform, Licensing data



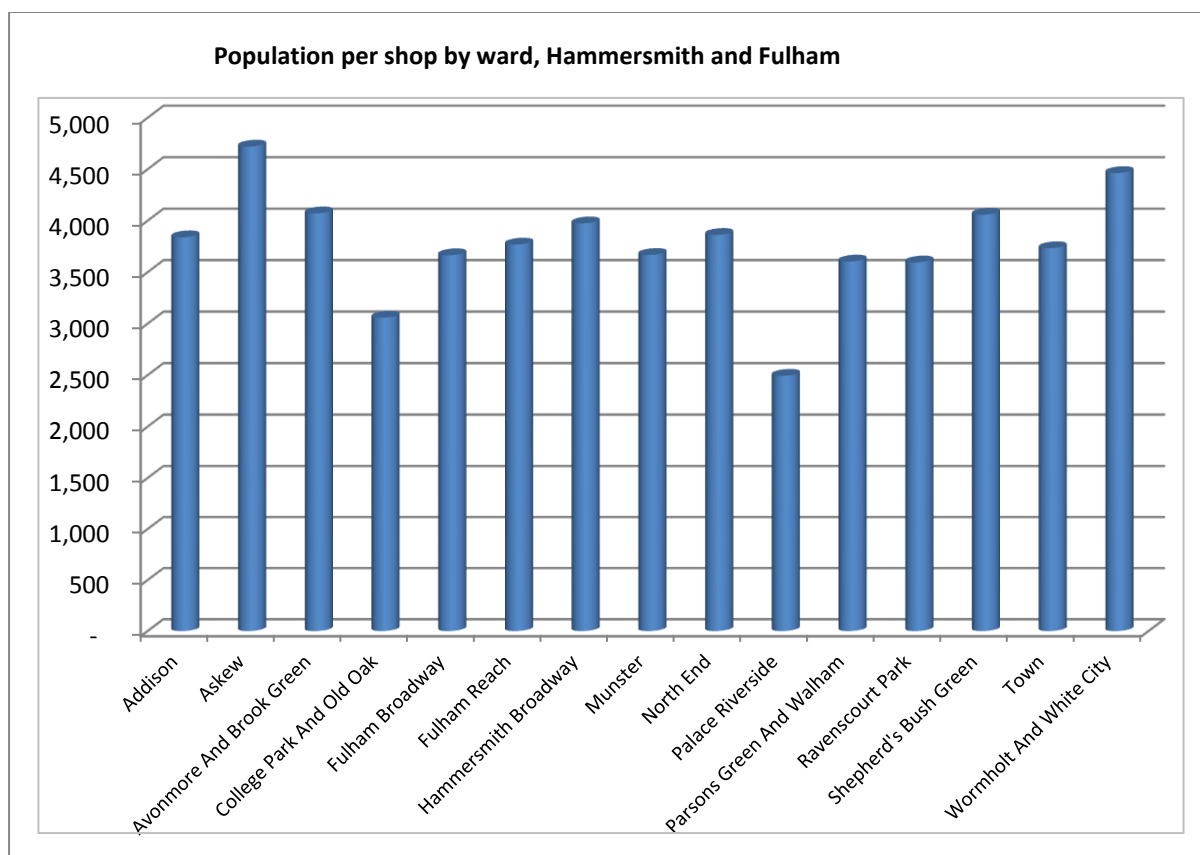
Source: Uniform, Licensing data

Table 1: Number and % of betting shops by designations

Designations	Number	%
Key Local Centres	4	9%
Neighbourhood Parades	4	9%
Satellite Parades	4	9%
Town Centres	21	46%
Outside designations	13	28%
TOTAL	46	100



Source: Uniform, Licensing data

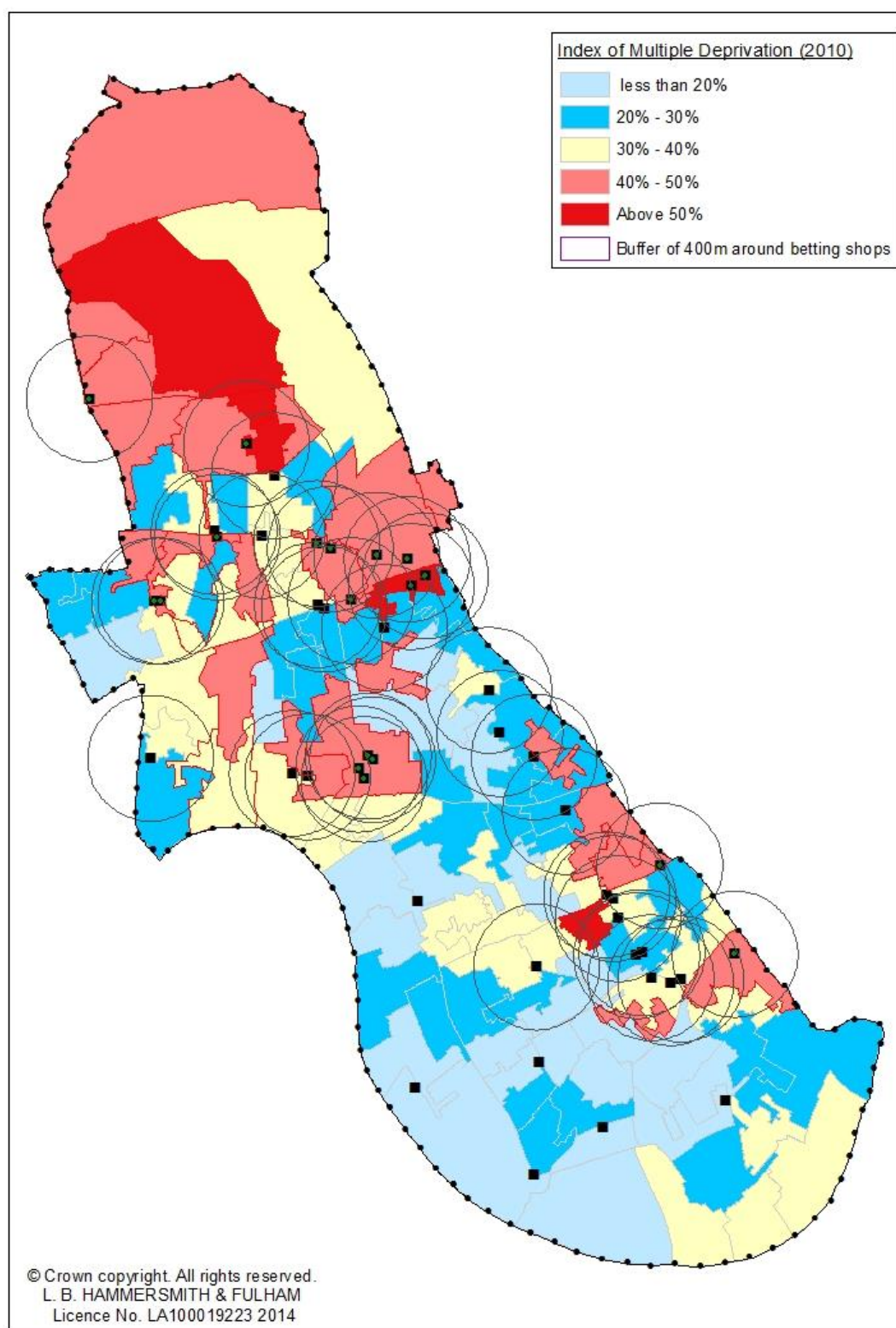


Source: Uniform, Licensing data, Census 2011

Table 2: Number of betting shops by ward, 2014

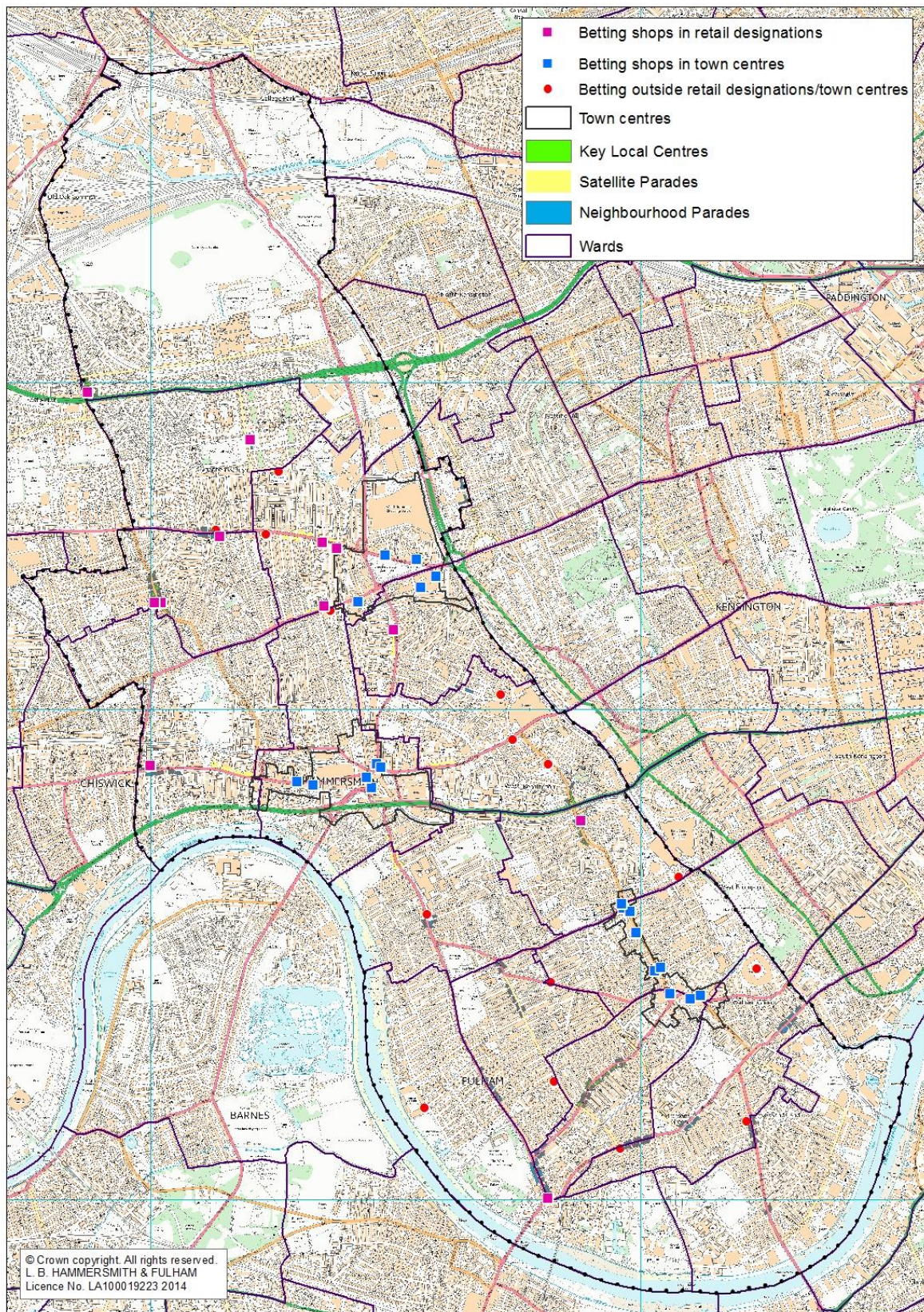
WARDNAME	Total	%
Addison	3	7%
Askew	3	7%
Avonmore And Brook Green	3	7%
College Park And Old Oak	2	4%
Fulham Broadway	7	15%
Fulham Reach	1	2%
Hammersmith Broadway	8	17%
Munster	1	2%
North End	2	4%
Palace Riverside	1	2%
Parsons Green And Walham	3	7%
Ravenscourt Park	1	2%
Shepherd's Bush Green	6	13%
Town	3	7%
Wormholt And White City	2	4%
Grand Total	46	100%

Map: IMD 2010 and betting shops with a 400m buffer



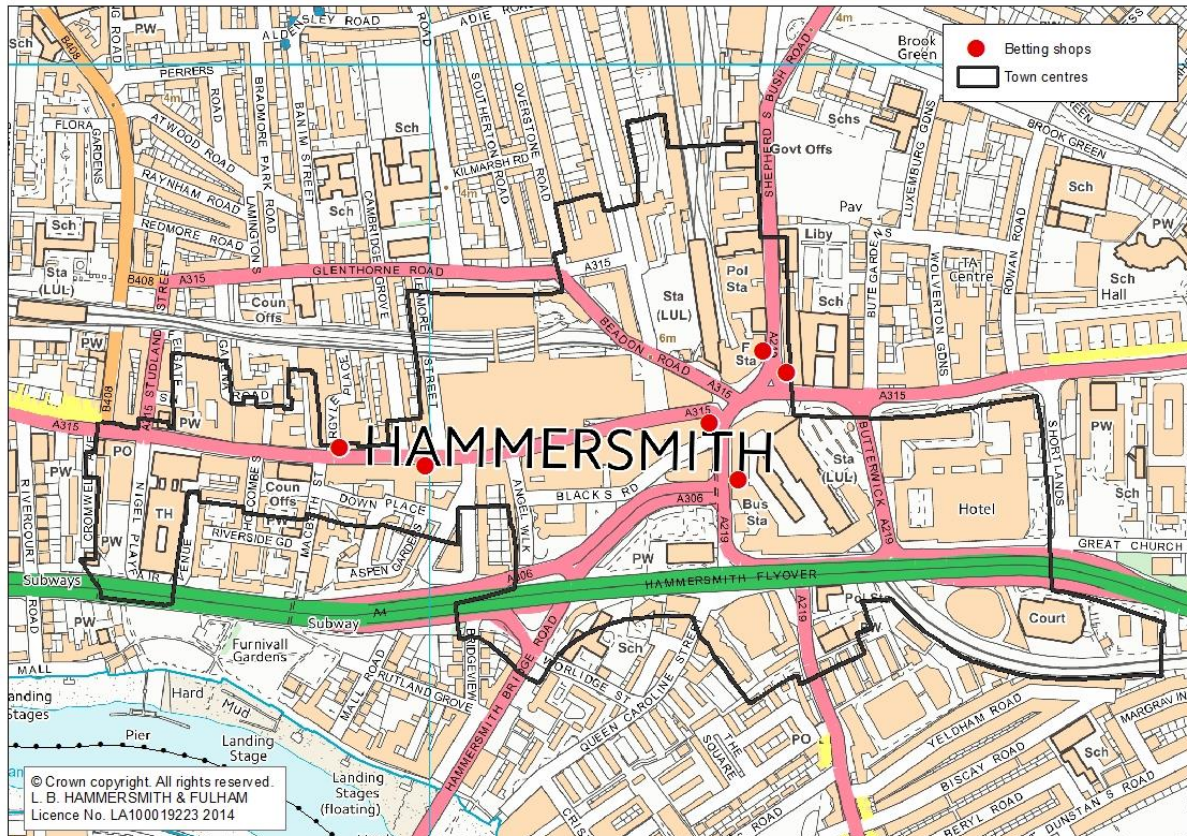
Source: CLG, Licensing data

Map: Betting shops by designations, 2014, Hammersmith and Fulham

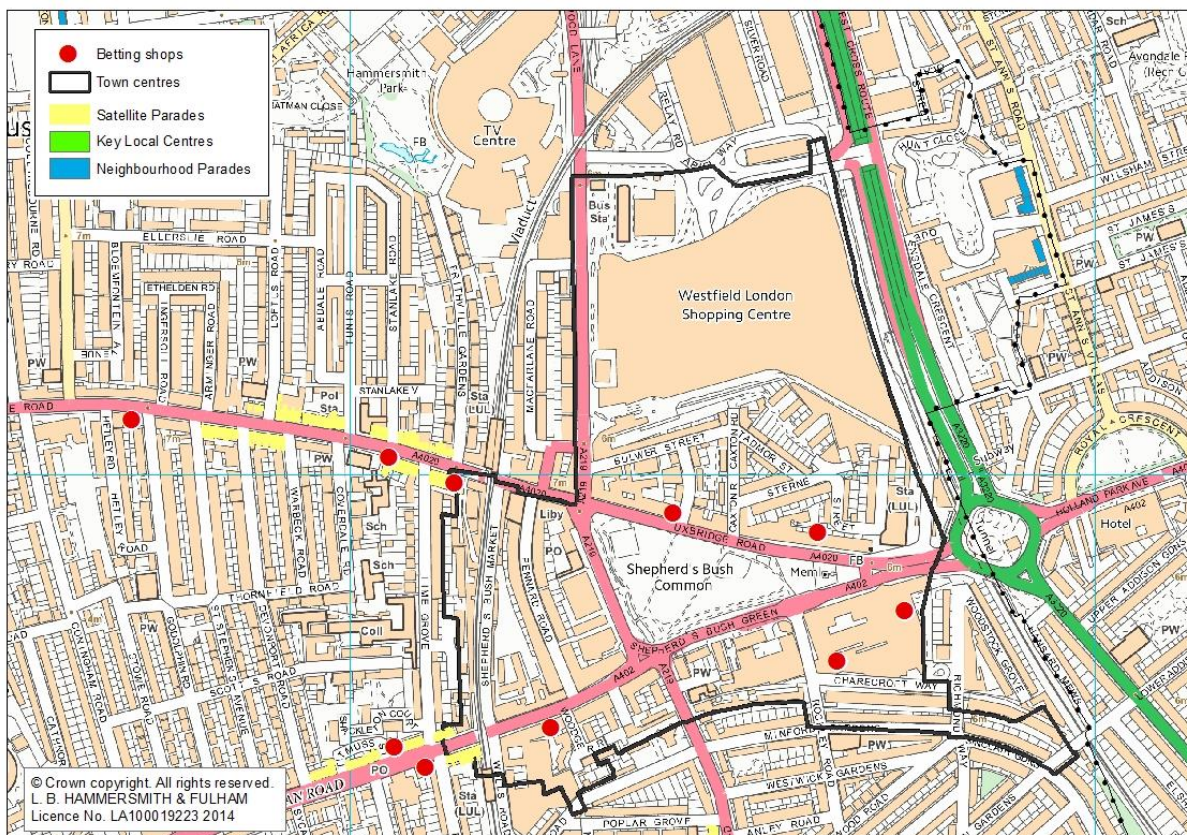


Source: Licensing data

Map: Inset 1: Betting shops in Hammersmith Town centre, 2014



Map: Inset 2: Betting shops in Shepherd's Bush Town centre, 2014



Map: Inset 3: Betting shops in Fulham Town Centre, 2014

