

licensing authority bulletin

Statistics and inspections special 2017

Welcome to a special edition of the Gambling Commission's monthly LA bulletin which focuses on licensing authority statistics and inspection activity.

Latest licensing authority statistics published

We have published the [licensing authority statistics](#) for the year ending 31 March 2017. This latest edition provides a comparison on data covering the period 2012 to 2017. We have also published an [Excel version of the statistics](#), to provide more transparency and an element of interactivity with the figures.

For the fourth year running, all 380 licensing authorities (LAs) submitted their returns. Thanks again to all LAs for submitting their returns. The report contains information about the number of permits, temporary use notices, and occasional use notices issued, as well as the number of gambling premises inspections conducted.

Between 1 April 2016 and 31 March 2017:

- **3,398** gambling-related permits were issued or notifications received (-6% from March 2016).
- **5,334** inspections/visits to gambling premises by LAs (-5% from March 2016). This includes proactive and reactive visits, follow up inspections and test purchasing exercises.
- **131** LAs didn't conduct any visits during the year (down from 133 LAs in March 2016).

Regulating in partnership

The Commission works in partnership with LAs to regulate gambling. In doing so we will tend to focus on operators and issues of national or regional significance and LAs will take the lead on regulating gambling locally, as they are better placed to understand and manage local issues. The partnership however, only works if both regulators carry out their responsibilities.



No complaints?

Unlike other areas which are the subject of regulation, for example alcohol and pubs and clubs, gambling is very unlikely to fill a Councillor's in box.

The problem gambler who can't pay their bills, the under 18 who is gambling, the person who is experiencing mental health issues as a result of their gambling, the player enjoying poker in an illegal club are very unlikely to contact their LA anytime soon.

Only through an effective system of both national and local regulation, including inspection and compliance, can citizens be offered the protections that are required.

The Act is very clear about this. In essence the Commission works at a national/regional level and licences operators and individuals, LAs licence premises. The two regimes are closely linked and overlap as was made clear in the [Greene King court case](#) – we both share an interest in how a licensed operator conducts their business in a premises.

Waiting for a complaint about a premises will tell you nothing about the local compliance picture and how effectively operators are managing their social responsibility duties.

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We will however, notify LAs of complaints and intelligence received regarding non-compliance and illegality in their geographical area which is primarily of a localised nature. These are referred to as Local Authority Compliance Events (LACE). The complaints that instigate the LACE referrals come from a variety of sources including licensed operators and members of the public. A number of them are received anonymously via the [Commission's intelligence line](#), but we will endeavour to provide as much information as possible, and if required support the LA as it investigates.

For example, earlier this year Newcastle council successfully prosecuted Mr Eyyup Celik for illegal gambling activity on an unlicensed premises at the Turkish Community Centre, 40 Elswick Road, Newcastle. Further to receipt of intelligence, licensing officials visited the premises and identified a gaming machine and a self-service betting terminal available for use at the premises, which were seized. Newcastle Magistrates Court imposed a fine of £250 (reduced from £375 to give him credit for his guilty plea) and also imposed £30 victim surcharge, £1,112 officer costs and £55 legal costs. The court ordered forfeiture of the machines and the money (£1,560) contained therein.

During 2016/17 109 LACE referrals were made to 84 LAs. There were 61 reports of illegal gaming in areas such as pubs and clubs, 40 reports of illegally sited machines in areas such as restaurants, pubs, taxi offices and take away retailers, and 8 referrals relating to underage gambling.

However, LACE referrals should not be the only trigger for LAs to undertake gambling visits.

LA inspection programme

This bulletin addresses a common (mis)perception that some officers and councillors have about gambling.

In short 'we don't receive complaints so we don't have a problem'. As their regulatory approach is reactive, rather than being risk based and proactive, there are often no inspections of gambling premises being conducted.

Each LA will make its own choices as to how they perform their functions under the Gambling Act 2005 however, in its Statement of Principles an LA must set out how it will regulate gambling in the public interest, and must also set out how it will exercise its inspection and enforcement functions. We recommend that the following is taken into consideration when determining your inspection programme:

a) Licensing fees

The Act (England and Wales only) states, in relation to the income an LA derives from premises and permit fees:

s212 '(a licensing authority) shall aim to ensure that the income from fees of that kind as nearly as possible equates to the costs of providing the service to which the fee relates (including a reasonable share of expenditure which is referable only partly or only indirectly to the provision of that service).'

LAs should be prepared to explain their fees structure on this basis. Fees in England and Wales which can be locally set, up to a maxima, should be reviewed annually. In Scotland they are centrally set by Scottish Ministers at a flat rate but again are designed to cover the costs of compliance and enforcement work.

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As the Department for Culture Media and Sports' (DCMS) guidance (available on the LGA's Knowledge Hub) made clear when the Act was introduced fees should be used for licensing, compliance and enforcement activities including the cost of dealing with illegal gambling in a licensing authority's area.

However, the issue is not simply one of adherence to the requirements of the Act.

Firstly, compliant operators will rightly expect the LA to manage non-compliance and illegality - that is a part of the reason for the payment of fees.

Secondly, if this activity is not carried out it reduces the incentive to be correctly licensed.

Thirdly, as this bulletin makes clear you will not have the knowledge and reassurance that all gambling premises in your locality are fulfilling their duties and protecting citizens, particularly those who are young and those who are vulnerable.

b) Support for LAs when conducting visits

We have worked with the Leicester, Leicestershire and Rutland Licensing Forum and the Leicester and Leicestershire Enterprise Partnership (LLEP) to create a suite of templates and guidance for assessments of gambling premises. The assessment templates also include a risk rating system for LAs to use as part of their inspection planning if required. We also jointly created a suite of letters to assist LAs in communicating the assessment outcome to operators. You can find the assessment templates at the [LLEP website](#).

If you have never used these templates before, or haven't undertaken inspections for a while, why not contact your local compliance manager and arrange to do some joint visits to familiarise yourself with the process?

We also have a number of [toolkits for LAs](#) on our website which provide advice, quick guides and template letters on a range of topics including gaming machines, poker and permits.

In addition we are working with the Institute of Licensing (IOL) to produce e learning materials for co regulators. Three modules about gaming machines have so far been made available on the [IOL website](#).



Inspection findings

These are just a sample of what LAs, often working in conjunction with the Commission, have discovered when conducting inspections over the last 12 months. Some visits involved LAs who have a regular inspection programme in place but most involved LAs who never or very rarely carry out inspections. In a few instances the issues were identified during visits conducted by the Commission.

Betting shop visit in London Borough

Summary of the letter sent to a betting shop following the LA's visit:

Section 185. A copy of the premises licence plan was not available with the licence. Plan requested. Social Responsibility Code Provision (SRCP) 3.4.1 – The manager confirmed that customers were permitted to play multiple gaming machines simultaneously.

Staff did not appear to be aware until prompted by the inspecting officers of this activity. The officers advised staff that this could be indicative of problem gambling.

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The customer concerned was staking significant amounts however staff were unable to confirm how much had been staked. Copies of customer interaction policies were requested.

SRCP 9.1.1 – Some identified blind spots, notably caused by a large central pillar in the shop preventing adequate supervision. Requested review of supervision arrangements to ensure they are appropriate for the layout of the premises.

SRCP 10.1.1 – inadequate local risk assessment, The premises are located in close proximity to a Premiership football stadium yet there was no account taken of this within the local risk assessment, for example measures to prevent under age entry or consumption of alcohol on the premises during home games when additional football and non regular customers will be in the premises.

Ordinary Code Provision 3.4.2 – Recommended that all customer interactions were recorded – currently not the case.

Social responsibility issues identified during visits

Social responsibility measures for protecting people from harm are set out in the *Licence conditions and codes of practice* (LCCP), which are statutory requirements on operators.

- A number of joint visits to gambling premises in two Metropolitan councils identified a range of social responsibility issues including the absence of no-U18 signage, insufficient problem gambling information, no complaints process and no **local risk assessment** (LRA) as well as layout issues leading to obstructed views. The operators were advised accordingly.

- During joint visits with a district council to a multi-activity premises housing AGCs and a bingo premises staff were unaware of the requirements of **Multi-Operator Self-Exclusion Schemes** (MOSES). Staff were advised that there different schemes for bingo and AGC premises.

- During a joint visit in another district council a major betting operator was unable to produce its **Local Risk Assessment** (LRA) and didn't have information about responsible gambling or MOSES on display in a prominent position (the latter being tucked in a corner on the cash desk). The LA advised the operator to display responsible gambling information between the B2 gaming machines and ensure the MOSES information was more prominently displayed and asked the operator to provide its LRA.

- A number of issues were identified in one premises during a series of betting shop visits by Commission staff and police in a major Scottish city.

- o The LRA for the premises did not adequately take into account the fact that the premise was directly opposite the main entrance to a large transport hub which had been identified earlier on by staff as a factor in a higher than normal number of attempts by underage youngsters to gamble. The operator subsequently reviewed and corrected the content of the LRA to make sure it more fully reflected the risk factors most relevant to the premises' location;
- o There was a lack of information on the premises about how customers can access information about sources of help for gambling harm.

- In another betting premises in the same city only two of four B2 machines were directly observable by staff with two of the machines being hidden from the view of the cash desk, located in an alcove section of the shop. CCTV cameras were installed but they did not give a full and clear view of the machines and players.

- During a test purchase exercise in a seaside resort concerns were raised over the age verification procedures and knowledge of staff in relation to the return of stakes and redemption of prizes following an incidence of underage gambling. Underage volunteers were not challenged in a bingo premises when they won on a gaming machine and collected a winning ticket to the value of £40. Another premises challenged after gambling yet permitted the volunteer to collect his winnings before leaving. Operators must return the stake to underage gamblers but winnings must not be given. Feedback was provided to staff at each premises.

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- During a joint visit with a unitary authority a number of problems became apparent regarding supervision and staff training issues identified in a large bingo premises due to the size and layout of the premises. The LA wrote to the operator with observations and recommendations on how to address the issues, particularly to ensure that there was adequate supervision of the machines.

- During joint visits to betting premises in a London Borough there was a lack of information about how to complain and only a small poster about rules displayed very high on the wall making it impossible to read. Social responsibility rules were on display on the counter only and not near the machines. The operator was requested to address these points.

- Following a multi-agency inspection at an AGC in metropolitan town centre, issues were identified in relation to vulnerable adults using the facilities. One individual was witnessed using gaming machines aided by members of staff and another was behaving in a very agitated and animated manner, both customers appeared to have mental disabilities. Staff were apparently unconcerned over the behaviour with no apparent intervention. In another visit an individual was begging for money from customers in a café to spend in a nearby betting shop. When queried the betting staff were unaware of this behaviour although the café and locals were familiar with the activity. As a result of the visits the LA has mapped out risks in the town centre particularly the need to protect children and young persons from harm or being exploited by gambling.

- The Commission, metropolitan LA and local police encountered an irate customer in a betting shop behaving in an aggressive manner. The shop staff had no interest in the risk to other customers or the distress this customer was clearly experiencing choosing instead to continue a conversation from behind their bandit screen. The aggression escalated quickly and the customer began attacking the staff counter with some force. The police intervened and there was a struggle in which a cup of hot coffee had to be forcibly removed from the customer as he was about to use it as a weapon.



The customer then ran away. Speaking to the shop staff and other customers it appears the customer had been present for some time and had been crying and occasionally punching the B2 gaming machine that he was playing on. The betting shop manager said the incident would not be reported as it was a regular occurrence in all betting shops and was part of daily working life. The customers also seemed to be used to such incidents. The matter was escalated to the security and area managers and retraining was provided to the staff.

- During a Commission visit to a betting shop, one customer was playing a B2 machine staking around £10 a spin. After around half an hour the shop manager was prompted to engage with the customer who was getting quite agitated, pacing the shop and using abusive language. The manager declined. The customer returned to the machine and after several further plays, he head-butted the top panel of the machine with sufficient force to break the glass before picking up a stool and smashing the machine. He was then verbally abusive to Commission and shop staff for several minutes before saying he was coming back with a gun to get his money back and kill staff. On his way out he smashed the glass door with his fist. GC staff watched the shop's external CCTV and saw the customer walk two doors up to another operator's betting shop before entering that shop. The shop manager's reaction was to call for a replacement machine, and he had to be prompted by the Commission to report the incident to the company's security team.

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Furthermore the shop manager's attitude toward the staff in the other shop was that the customer was now their problem. The incident was escalated to the security manager. It was also the trigger for the establishment of one of many local **Betwatch** schemes in the West Midlands, involving operators, LAs and police.

Changes of layout without variations

Operators must submit an application for premises variations where there are material changes to the layout of the premises. What constitutes a material change will be a matter for local determination but the LA must satisfy itself that the variation to the plan still enables an operator to fulfil the LCCP requirements, especially in relation to social responsibility issues.

- During Commission visits with the local police in a Scottish city the layout of one betting shop had been changed as a result of a previous refurbishment of the premises two years ago including the relocation of the counter area in the premises. This had changed the line of sight for staff to the shop's entrance and their line of sight to the B2 gaming machines. The operator subsequently agreed to submit an application to the licensing authority to vary the premises licence.

- During a joint visit to a betting shop in one London Borough the premises had been altered without an application to vary the premises licence. Furthermore:

- o There was no social responsibility literature anywhere in the shop, at the counter or next to the FOBTs.
 - o The local risk assessment was generic which just replicated the company's general policies and procedures
 - o The shop manager was unable to state the category of gaming machines in the shop and he was also unclear on age verification policies.
- The LA wrote to the operator highlighting the areas of non-compliance

- In another London Borough two betting shops were inspected where both had undergone changes to the layout without the LA being informed.



In one case the shop-fitting alterations were extensive. The LA wrote to the operators requesting a new plan be submitted by one and an application to vary be made by the other.

- Commission visits discovered that two AGCs in London owned by the same company had altered their premises layout without submitting variation applications to the respective LAs. One of the AGCs had additional conditions of SIA door staff after 10pm that appear to have never been adhered too. We informed the LAs who subsequently engaged with the operator to resolve the issues.

Access issues identified during visits

Various visits to premises around the country have highlighted non-compliance in the form of direct access between AGCs and FECs. The broad principle is that there can be no access from one licensed gambling premises to another, except between premises which allow access to those under the age of 18. This problem frequently arises in holiday parks and arcades.

- A family entertainment centre (FEC) and adjoining AGC both with their own entrances from the street but with direct access between the two internally.

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- Several premises where there was just an area of carpet separating the FEC and AGCs (in some instances the carpet was all the same colour).
- One Scottish betting shop which was apparently being used as a “thoroughfare” by members of the public to get from one street to the next.
- A bingo premises which also had two separate AGCs premises licences. The two AGCs were in opposite corners of the bingo premises foyer, demarcated by nothing more than different coloured pieces of carpet.
- A ‘premises’ with an AGC licence was actually just a corner of a licensed FEC without any entrance of its own from the street. There was nothing but an unmanned corridor separating the AGC area from the FEC and the staff member on duty advised that children gained access to the AGC area regularly as they were going to see their parents who were gambling on the higher stakes machines.

In all cases the operators have been advised accordingly and action taken to ensure that they are compliant with mandatory direct access conditions, which are set out in the [Gambling Act 2005 \(Mandatory and Default Conditions\) Regulations \(SI 2007/1409 for England and Wales and SSI2007/266 for Scotland\)](#).



Invalid uFEC permits

As LAs start to receive applications for renewals of 10 year [uFEC](#) and [club permits](#), it has proven prudent to visit the premises before renewing. Examples of findings by LAs in the south west include:

- A permit that had been issued to a building that had been demolished four years previously with the remaining machine moved to a pool room.
- Gaming machines being sited in café areas or corridors, particularly within motorway service areas, shopping centres and holiday parks.
- Machines in licensed bars in excess of those permitted as an automatic entitlement (with no alcohol licensed premises gaming machine permits in place).
- 2 category D gaming machines located in the café area of a Vape store.

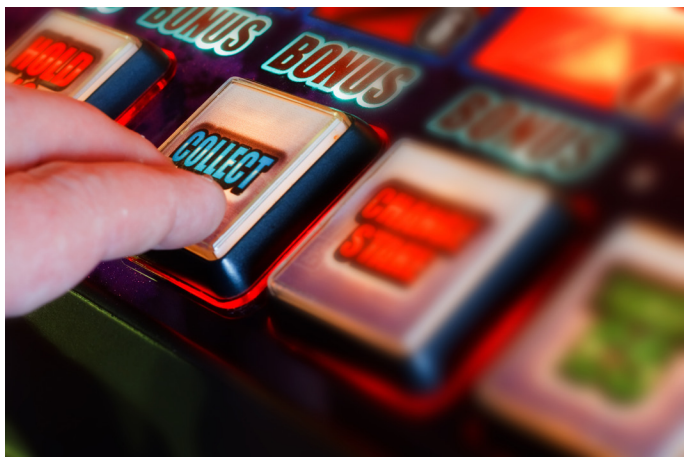
Problems with pubs

- Various examples of illegal lottery ticket vending machines found in pubs in various councils, dispensing tickets which are not linked to a licensed or registered lottery. The pubs have been advised to remove the machines and provided with [details of the requirements](#) for siting such machines.

- A borough council undertook a visit to check that a pub was complying with supervision requirements for its alcohol licensed premises gaming machine permit for several Cat C machines. The pub had agreed to locate them in an upstairs function room and adjacent to toilets, with CCTV being monitored from the bar downstairs. A visit to the upstairs room revealed two gaming machines switched on and available for use but the licensee had failed to install CCTV as required by the LA. Other machines were switched off and turned to the wall. The LA wrote to the licensee and planned a revisit.

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Illegally sited machines

Many of the instances of illegally sited machines come through the LACE referral process:

- Various examples of illegally sited gaming machines in take aways and taxi ranks, such as an illegally sited Casino Royal gaming machine seized from a corner shop in South Wales. The (unlicensed) supplier was traced and given a verbal caution as he had sited it, believing it to be a Skills with Prizes (SWP) machine. The cash contents were donated to a local charity. Our quick guides on [SWPs](#) and [illegally sited machines](#) provides more information on such machines.

- A multi-agency visit was carried out in Wakefield on receipt of intelligence that a sports and social club inside a mail sorting depot was siting too many machines which were not supervised. On visiting the premises, four gaming machines were found sited, namely three category C and one category D, however the club gaming machine permit was only for 3 machines, category C and D. The club was also found to be non-compliant with the [codes of practice](#) which requires proper supervision of machines. The club and the machine supplier acknowledged their lack of due diligence in siting more machines than allowed on their permit, and removed the fourth machine, leaving only one category C and two category D machines. The club also agreed to provide appropriate supervision of the machines.

- The Commission assisted the police in the London Borough of Hackney in an operation at an unlicensed premises in the borough where a drugs warrant was executed under S23 Misuse of Drugs Act 1971. The premises were secured with staff and customers detained. The premises comprised of two floors, a ground floor and a basement floor. There were a variety of illegal machines on the ground floor including a Black Horse machine and various Joker Poker machines as well as a betting terminal.

It was noted that the Black Horse machine displayed a "For Amusement Only" sign but had been adapted to be able to print a ticket. Also sited throughout the premises were several gaming tables.

The police seized seven gaming machines including the betting terminal. An illegal worker was arrested for unlawfully staying in the country. The owner of the premises will be subject to police prosecution under s37 of the Gambling Act (use of premises) and s242 (making machines available for use).

Keep yourself up to date

[Subscribe to our monthly LA bulletin](#) which provides co regulatory partners with news updates, advice, guidance and case studies of LA and multi-agency gambling work.

Join our LinkedIn group

Our [licensing officers and LAs group](#) is aimed at helping licensing officers understand the key role LAs play in gambling regulation in Great Britain.

You can share good practice and find out how LAs have a number of regulatory functions including issuing premises licences, regulating gaming and gaming machines in clubs and pubs, inspection and enforcement of licences and lots more.

You can also follow [the LinkedIn Gambling Commission company page](#).

Keeping gambling fair and safe for all
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