

LA BULLETIN OCTOBER 2019

News

84% of pubs failing to prevent under 18-year-olds from playing gaming machines

A review of pubs in England and Wales has shown that 84% of them are failing to prevent under 18-year-olds from playing Category C gaming machines, also known as fruit machines

Local authorities have primary responsibility for regulating these machines and businesses are responsible for ensuring that they are compliant in checking age verification. Over the last 12 months the Gambling Commission has worked with local authorities and local police to test compliance with laws in place to protect children from the risks gambling can pose. Children are not permitted to play Category C gaming machines in pubs. Staff are expected to stop children playing on the machines and there should be clear signage indicating the age restriction.

This follows a test sample taken in 2018 which found that 88% of pubs in England failed to prevent children accessing 18+ gaming machines.

The findings suggest that the rules in place around these machines are still not being appropriately enforced and many employees are still unaware of the restrictions. Programme Director, Helen Rhodes said: "The pub industry must accelerate action to enforce these rules. Pubs must take age verification on machines as seriously as they do for alcohol sales, and they risk losing their entitlement to offer machines if they do not. Adding: "The results last year were extremely disappointing and we have supported local authorities in their action to raise standards. This includes working with the providers of training to the pub industry to emphasise the legal requirements in training materials, as well as with the Home Office to work towards including materials on gambling in pubs in the curriculum for the personal licence holder course. The British Beer and Pub Association and UK Hospitality have responded to our call by issuing [guidance](#) to their members on the importance of enforcing the legal requirements. We urge the pub sector to respond to this opportunity to protect children and young people and to prevent the need for local authorities to take enforcement action."

The current pass rate for alcohol sales in pubs is between 70 – 85%.

2019 Young people and gambling survey

We have [published this survey](#), carried out by Ipsos MORI, which looks at gambling trends of 11 - 16-year-olds in Great Britain. Some of the findings include

- 11% of 11-16 year olds say they spent their own money on gambling activities in the seven days prior to taking part in the survey. This is down from 14% in 2018.
- 5% of 11-16 year olds say they have placed a private bet for money (e.g. with friends) in the past seven days, with a further 3% playing cards for money with friends in the past seven days.
- 4% of 11-16 year olds report playing on fruit or slot machines in the past seven days.
- 3% of 11- 16 year olds say they have played National Lottery scratchcards and 2% say they have played the Lotto (the main National Lottery) draw in the past seven days

Commission drop in session at the IOL conference

Bring your questions and queries along to a gambling drop in centre on Thursday 21 November at the IOL's National Training Conference. The Commission will also share the platform with Philip Kolvin QC, for a session on the reduction of B2 stakes and what that means for LAs.

Update on the National Strategy

We have been [progressing the delivery](#) of the National Strategy to reduce gambling harm, in particular some of the projects in the research programme including

- Developing the framework to measure and monitor gambling related harm
- Developing a longitudinal study
- Understanding the link between gambling and suicide.

If you are interested in signing up to get updates on the National Strategy please email communications@gamblingcommission.gov.uk

Children's Commissioner for England calls for changes to gambling laws

Anne Longfield, the Children's Commissioner for England has published a report "[Gaming the system](#)" which looks at the experiences of children who play games online.

Whilst children enjoy playing online and how gaming can help them to build strategic, teamwork and creative skills, the research highlighted how many children are spending money on 'in-game' purchases because they feel they have to in order to keep up with friends or to advance in the game. Some of these purchases, known as 'loot boxes', contain a random selection of rewards and so gamers do not even know what they are purchasing. The Commissioner's recommendations include loot boxes being regulated as a form of gambling.

Glasgow Gambling Summit Planned

The City of Glasgow Council is planning to host a [Gambling Summit](#) early in the new year which will bring together a range of partners including academics, third sector, health professionals, youth workers and those with lived experience of the harm caused by gambling problems and addictions, to examine the current challenges and develop a framework for action. The summit will seek to discuss the development of a whole systems approach to both prevention and treatment of individuals. This means identifying where there are linkages and interdependencies in relation to how gambling impacts a person and their family and social network and look at developing a coordinated response, with partners.

The plan follows [a cross party development day](#) where attendees heard from Dr Michelle Gillies, public consultant for the Scottish Public Health Network, who presented her work on reducing gambling harms and set out the case for a whole systems approach and Laura MacDonald from the University of Glasgow who also highlighted evidence of the clustering so-called 'environmental bads' such as alcohol, fast food, tobacco gambling outlets, particularly in areas of deprivation.

Money Talk Team

In August, the Scottish Government launched a new advertising campaign publicising the [Money Talk Team](#), a free financial advice service aimed at helping low income households. Money Talk Team is the new name for Financial Health Check, which started in 2018 and is delivered by Citizens Advice Scotland. It can be accessed through their free helpline on 0800 085 7145 or by visiting a local Citizens Advice Bureau. The service offers one-stop, personalised advice on dealing with debt and ways to reduce household bills. In the last nine months, the Money Talk Team has helped a total of 3,198 people be better off by more than £6 million - meaning households benefit by more than £1,850 on average. A total of nearly 8,000 people have accessed the service.

Consultations and calls for evidence

Calls for collaboration on engaging people with lived experience

The [National Strategy](#) is built on placing the voice of consumers, especially those with lived experience of gambling harms, often referred to as 'experts by experience', right at the heart of implementation.

In Scotland, the Health and Social Care Alliance is developing work to create a formal forum for people with lived experience. They intend to kick off this work with collaboration with the very people they want to involve in the forum.

Ahead of this progressing further, and to encourage a discussion about equivalent forums in Wales and England, we have produced a discussion paper to help us all collaborate on the principles and practical arrangements that must be in place to make this work. We also want to build on the measures that are already in place - for example many partners have already taken steps for their organisations to build in the voice of people affected by gambling harms.

We are calling for collaboration from individuals affected by gambling, family members and friends, as well as those organisations who are experts at bringing in the voice of individuals with experience of harms, such as in the field of addiction or mental health treatment provision.

We are starting with three key principles for discussion, which we outline in detail in the [discussion document](#):

Principle 1: Sustainable and impactful

Principle 2: diverse and representative

Principle 3: Safe, supportive structures and resources

Contact safergambling@gamblingcommission.gov.uk if you want to stay involved as this work progresses.

Gambling with credit cards

Following a recent call for evidence and our [previous announcement on 24 July](#), we have launched a consultation on gambling with credit cards, seeking views on either banning the use of credit cards for gambling or introducing limits and restrictions on the use of credit cards.

The proposals concern all sectors of the gambling industry that are currently permitted to accept credit card payments, including online betting, casino, bingo and lottery operators, along with high street bookmakers.

The [consultation](#) closes on 6 November 2019.

We have also issued a [podcast](#) exploring why people gamble with credit cards.

Case Studies

Fife Licensing Board – Action on uFECs

We have previously published advice to LAs about [unlicensed family entertainment centres \(uFECs\)](#).

An *unlicensed* family entertainment centre is only entitled to make category D machines available. This is reflected by the very light touch form of regulation provided by the uFEC

permit issued by the LA. The entity making machines available on the premises (the arcade operator) does not need a Gambling Commission operating licence. However, the entity supplying machines to the business (the machine supplier) must be licensed by the Commission.

This is different from a *licensed* family entertainment centre which is entitled to make both category C and D machines available. It is subject to similar controls to many other gambling businesses – the premises need a full premises licence from the LA and the entity making machines available on the premises requires a Commission operating licence, as does the supplier of the machines.

Only premises that are wholly or mainly used for making gaming machines available may hold a uFEC gaming machine permit or an FEC premises licence. Both a licensed FEC and an uFEC are classified as premises.

As a result, it is generally not permissible for such premises to correspond to an entire shopping centre, airport, motorway service station or similar. Typically, the machines would be in a designated, enclosed area. A more detailed explanation of what constitutes ‘a premises’ can be found in [Guidance to licensing authorities](#) (GLA).

Gaming machines, which should be contained within the uFEC or FEC premises, should not be located in corridors and walkways which form part of the larger building.

LA issued uFECs permits have effect for 10 years unless they are surrendered or lapse, for example permits that were first granted in 2009 expire in 2019. Because of the length of time which permits have been in place a number of LAs have been able to take into account our guidance when considering whether to renew uFEC permits when their original period of grant lapses.

This was the case in Fife where, Category D gaming machines had been placed by operators in the corridors of two local shopping centres. These machines were the subject of permits granted by the LA. The uFEC permits were due come up for renewal in the early part of this year. When the Licensing Board considered the guidance from the Commission and reviewed the locations of the machines it wrote to machine operators signalling that the Board would not grant any uFEC permit renewal applications for those locations. Subsequently, the operator withdrew the machines that were sited there. This was later verified by the LA.

This case demonstrates that licensing authorities can act in response to Commission guidance using their powers under the Gambling Act 2005 to have operators remove gaming machines sited under unlicensed family entertainment centre (uFEC) permits, even where they have been originally granted and have been in place for a number of years.

Enhanced Meetings with councils

Over the past 7 years as part of our work with shared regulatory partners we have held one to one meetings with a number of different LAs each year. These offer the chance for us to have more in depth discussions to understand where gambling features in the council's priorities, what are their key gambling concerns, discuss topical issues and obtain feedback on issues that we should be aware of from a gambling regulation perspective. These enhanced meetings have proved to be very successful in improving relationships and levels of engagement on gambling issues and we are continuing to engage with LAs this year and

have recently met with the London Borough of Hounslow and licensing boards in Aberdeen City and Dundee City.

Feature article

Remote gambling – almost everything you need to know!

In meetings with local authority teams one question that invariably comes up is the issue of remote gambling, often prompted by the quantity of advertising for such products and secondly the apparent ease of access via mobile technology.

What is remote gambling?

Remote gambling is specified in Part 1 (4) the Gambling Act 2005 as follows:

(1) In this Act “remote gambling” means gambling in which persons participate by the use of remote communication.

(2) In this Act “remote communication” means communication using—

(a) the internet,

(b) telephone,

(c) television,

(d) radio, or

(e) any other kind of electronic or other technology for facilitating communication.

So, for example it does include self-service betting terminals (SSBTs), where the bet is placed by remote means, which are found in betting premises but it does not include [lottery ticket vending machines](#) which are simply a means of dispensing pre-printed lottery tickets, no gambling takes place via the machine itself.

The statistics

In Great Britain the total gross gambling yield (GGY) of the industry is £14.5bn of which £5.6bn is remote. The remote betting bingo and casino sector had a 39% share of the market which was a 1.2% increase on the previous year. (Industry Statistics May 2019).

In terms of how and where people gamble online 96% do so at home, with 45% using a laptop, 55% using a mobile or tablet device. In addition 23% (of online gamblers) have bet in play in the past 4 weeks. The survey also indicates that 18% of respondents had gambled online in the last 4 weeks, unchanged from the previous year. (Gambling Participation Survey Feb 2019).

How is remote gambling regulated?

The Gambling (Licensing and Advertising) Act 2014 amended the 2005 Act so as to make it a requirement that those who provide facilities for remote gambling to consumers in Great Britain required to obtain the appropriate licence from the Commission (irrespective of the jurisdiction in which they are based.)

Since taking on this responsibility we have made a number of changes to the Licence Conditions and Codes of Practice (LCCP).

For example, last year we consulted and subsequently implemented changes regarding online age verification and customer identity to ensure that operators:

- verify the age of customers before they can deposit money or gamble, or access play-for-free versions of gambling games
- verify the identity of a customer – including their name, address, date of birth and email address – before they are allowed to gamble
- verify that the name associated with the customer’s payment method matches the name of the gambling account holder.

and we are currently consulting on the options of either banning the use of credit cards for gambling or introducing limits and restrictions on the use of them. Additionally we have imposed a [range of sanctions](#) on the remote sector in relation to, for example failures regarding social responsibility requirements and anti-money laundering measures.

What role does a LA play?

At s181 of the 2005 Act a LA has the power to limit the number of SSBTs in a betting premises or casino. [Part 19](#) of the Guidance to Licensing Authorities provides more detail.

Aside from this LAs have a key role to play in prevention, education and treatment in line with the [National Strategy](#) thus helping to ensure that those at risk of, or experiencing gambling harm, are provided with signposting to the appropriate information and treatment.

What should I do if I receive a complaint about remote gambling?

In the first instance the complainant should approach the operator directly and exhaust their internal complaints procedures. Should this fail to satisfy them all operators are obliged to have an Alternative Disputes Resolution process in place via a 3rd party to whom the complainant should address their concerns.

Gambling Commission advice and guidance

When is a gaming machine 'available for use' in AGC or bingo premises under the 20% regulations – updated guidance

We have updated [our guidance](#) to ensure AGC and bingo licensees are correctly restricting the number of B3 and B4 machines available for use at their premises. We have taken action because some machines appear to be designed primarily to maximise category B machine entitlements and not all player positions are 'available for use' in any practical way by more than one player at a time.

Please take some time to digest the guidance using this link and feel free to contact your compliance manager if you have any questions or come across premises which you feel may be non-complaint.

Updated consolidated code of practice document

The [consolidated codes of practice](#), containing the codes from the operator Licence Conditions and Codes of Practice (LCCP) has been updated to reflect changes to the LCCP which come into force on 31 October 2019:

- i) The requirements on businesses to interact with customers at risk of or experiencing harm have been strengthened. They now focus more on the outcomes of identifying and interacting with customers who may be at risk of or experiencing harms associated with gambling, as well as assessing the impact that a customer interaction has on an individual consumer and the effectiveness of businesses' overall approach. (amended Social Responsibility Code 3.4.1)

Additional [customer interaction guidance](#) has also been produced for premises based operators.

- ii) Gambling business are now required to use only Alternative Dispute Resolutions (ADR) providers who meet the Commission's [additional standards](#) as well as the requirements of the [ADR Regulations](#). (amended Social Responsibility Code 6.1.1).

Please note that the LLEP inspection forms have been updated accordingly to reflect these changes, so please download the latest versions from the LLEP site.

Check your society lottery returns

We were recently advised of a complex lottery run in a pub which had a small society lottery registration but with no evidence of the proceeds being given to the charity.

The pub or organiser with an LA issued society lottery registration must meet the rules and regulations governing such lotteries including:

- The society/entity registered must be non-commercial (ie not established for personal or commercial profit);
- At least 20% of the proceeds of each lottery go to the good cause;
- The proceeds (ticket sales) of each lottery must not exceed £20,000, and must not exceed £250,000 in any calendar year;
- A maximum prize is £25,000 and rollovers are permitted if the prize does not exceed £25,000;
- Strict rules around tickets and the information that they must carry and where they can be sold;
- Submission of returns clearly stating the % of proceeds going to the good cause.

LAs are reminded to check all registration forms and lottery returns to ensure such lotteries are compliant, particularly in relation to the charity proceeds. Further details are available in our guidance "[promoting society and local authority lotteries](#)"

LAs are also reminded of the item in the [April LA bulletin](#) which set out the requirements for customer lotteries being run in pubs. Customer lotteries cannot be used for fund raising purposes, must only be advertised on the premises and cannot roll prizes over to a future lottery.

Running festive lotteries and raffles

We have issued a [general reminder](#) on the rules for raising money in the run up to Christmas through raffles, tombolas and lotteries.

Reference materials

LLEP assessment templates

To help you meet LA regulatory obligations under the Gambling Act 2005 we worked with Leicester, Leicestershire and Rutland Licensing Forum and LLEP to produce a [range of resources](#) including a suite of assessment templates, information for premises and assessment outcome letters. Please share the findings of your visits with your compliance manager so that we can continue to build a broad picture of premises' compliance.

E-Learning modules

The Institute of Licensing and the Commission have worked together to produce some gambling e-learning modules:

- Gaming machines - three separate modules which cover the various types of gaming machines, the physical components and signage requirements and how to deal with non-compliant machines
- Inspection powers and inspection preparation – designed to help co-regulators familiarise themselves with their powers to enter and inspect gambling premises and

the preparation to undertake before conducting an inspection of any gambling premises.

- Introduction to inspecting a betting premises – aimed at helping co-regulators improve their understanding of what to check when conducting an inspection of a betting premises - both inside and outside the premises.

These modules can be accessed by anybody via the [IOL website](#), and all are CPD accredited. Once on the website simply click on the 'e-learning' tab on the top right, then log in if you have an existing account, or request a log in via membership@instituteoflicensing.org to get started.

We also have several refresher modules for licensing officers which compliance managers can deliver at licensing meetings. Topics include machines, permits, money laundering, poker. If you are interested in receiving such training, please contact your compliance manager.

Quick guides and template letters

Some quick guides are designed to give to operators when undertaking visits, others provide an accessible 'how to' for licensing staff:

- [Public Health and Gambling](#)
- [Sharing information and intelligence](#)
- [Statement of Principles \(for councillors\)](#)
- [Money laundering](#)
- [Gaming machines in pubs](#)
- [Race night, casino night or poker night](#)
- [Members' club or commercial club](#)
- [Poker in clubs](#)
- [Poker in pubs](#)
- [Facilitating betting in pubs and clubs is illegal](#)
- [Skills with prizes](#)
- [Illegal gaming machines](#)
- [Comparing lottery ticket dispensers and B3A machines](#)
- [Illegal siting of gaming machines](#)
- [Fairs and fairgrounds](#)
- [Running a lottery](#)
- [Running prize competitions and free draws](#)
- [Multi activity sites](#)
- [Police statutory powers under the Gambling Act](#)
- [LA statutory powers of inspection under the Gambling Act](#)
- [Examples of non-complex category D gaming machines](#)
- [Templates for notification of automatic entitlement and application for licensed premises gaming machine permit](#)

Gambling Act statutory notices and forms

It is a statutory requirement that applicants use the correct forms to give proper notice of applications, variations etc to all responsible authorities, including the Gambling Commission.

We host all the [statutory notices and application forms](#) as they are no longer available on the DCMS website.

Find operating licence holders

We [publish](#) the names of all companies and individuals who hold, or have applied for, operating licences in Great Britain along with the names of companies or individuals whose licences have lapsed, been revoked, forfeited, expired, suspended or surrendered in the last 6 months.

LAs must check the operator licence quoted on premises applications with the register before granting a premises licence. An application for premises licence may only be made by persons who have an operating licence which allows them to carry out the proposed activity for example a bingo operating licence for a bingo premises or have applied for an operating licence (although the premises licence cannot be determined until an operating licence has been issued).

Premises licence register

The information on our publicly available [premises register](#) is based on the statutory notifications received from LAs regarding grants, variations, revocations, lapses etc, and is updated monthly. LAs are encouraged to send **all** necessary correspondence to info@gamblingcommission.gov.uk. Where email notification has been made it is not necessary to follow up by post.

In relation to gaming machines, we only require notification of grant/rejection of Club Machines Permits and Gaming Machine Permits. There is no requirement to advise us when an alcohol licence holder submits their notification for an automatic entitlement to two gaming machines. However, LAs must keep a record of how many automatic entitlement notifications it receives each year, as that information is requested in the [annual LA returns](#).