

licensing authority bulletin

January 2017

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News



New Gambling Commission website

We have launched a new website which makes it easier to find the information that you are looking for, our search engine is more effective and we have removed old data that is no longer relevant.

There is a dedicated [licensing authorities section](#) where you will find an online searchable *Guidance to Licensing Authorities*, the LA bulletins, LA returns, and a number of sector and topic specific toolkits for LAs including:

- poker
- machines
- pubs and clubs
- lotteries
- unlicensed family entertainment centres
- premises assessments and test purchasing.

The toolkits contain advice, quick guides, template letters and all the info you need to deal with a particular topic.

We'll be conducting a survey shortly to gather your views on our website, so please take a moment to tell us what we could do to make it even better and easier for you.

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Chief Executive's visits to Scotland and Wales

In November, the Commission's Chief Executive Sarah Harrison MBE was joined by colleagues from the Commission, including new Commissioner John Baillie, in making a series of visits to stakeholders in Scotland.



Sarah Harrison, Chief Executive of the Gambling Commission

The visits were largely focused on regulatory partners in the Scottish Government and local government in Scotland and included a meeting with Michael Matheson MSP, the Scottish Government's Cabinet Secretary for Justice. Sarah also met with Sally Loudon, Chief Executive of the Convention of Scottish Local Authorities (COSLA) which concentrated on the significant role played by licensing boards across Scotland in regulating gambling operators.

Meetings also took place with Neil Rennick, the Scottish Government's Director of Justice, and his colleague Willie Cowan, Deputy Director of the Scottish Government's Criminal Justice Division. The Commission is currently assessing how to take forward a number of matters raised during the engagement process by stakeholders.

Sarah and colleagues from the Commission held meetings with key coregulatory partners and other stakeholders in Wales.

She met with the Directors of Public Protection Wales (DPPW), Dr Frank Atherton the Chief Medical Officer for Wales and Chris Brereton, the Chief Environmental Officer for Wales and to discuss the results of the gambling participation and problem gambling survey which had just been published.

This was followed by a meeting with Cllr Neil Moore, the Welsh Local Government Association's (WLGA) spokesperson for Regulatory Services and Leader of the Vale of Glamorgan council and Simon Wilkinson from the WLGA, to explore further options for joint working.

Planning permission required for betting shops in Scotland

In December the [Scottish Government](#) announced that betting operators and pay day lenders will be subject to increased planning controls on Scotland's high streets.

The new legislation will mean anyone intending to change the use of a premises to a betting shop or providing pay day loan services is now likely to have to apply to their local planning authority for permission. Previously, some shops or services on the high street could easily be transformed into betting offices without needing any planning permission. The [legislation](#) is due to come into effect in February 2017.

Commission presents to SLLP conference

In December 2016, Rob Burkitt, Policy Development Manager with the Commission, gave a presentation to the Scottish Licensing Law and Practice (SLLP) Licensing Conference in Glasgow. The event was attended by nearly a hundred delegates drawn from LAs, the industry and licensing lawyers. Amongst the other presentations was an update from Archie Maciver, Partner with Brunton Miller, on how the public health agenda is influencing the wider licensing agenda across Scotland.

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Annual seaside summit

We are holding our annual meeting with LAs with coastal/seaside resorts on Tuesday 28 February at our offices in Birmingham and looking to build on the success of previous years' meetings, with topics including Gamcare and risk assessments. Please contact info@gamblingcommission.gov.uk if you haven't already received your LA's invitation.

Six monthly London boroughs meeting

We are holding our first meeting of the year for licensing officers from London Boroughs on Tuesday 21 March 2017 in Camden town hall. Updates will be provided on topics such as crime and illegal machines. London licensing authorities should contact info@gamblingcommission.gov.uk if you haven't already received your LA's invitation.

Commission fees from April 2017

Having considered stakeholders' responses to the joint consultation on fees, DCMS and the Commission have made a **small number of amendments to the original proposals**. From April 2017 there will be fee reductions for around 1,900 operators while fees will be held at their current levels for around 1,000 operators, and around 75 operators will be subject to an increase in fees.

Ladbrokes money laundering drugs racket

At the end of 2016 a **Birmingham man was jailed** for his part in a massive drug-running empire which saw almost £2 million laundered through a Ladbrokes online betting account.

Financial penalty for Camelot licence breach

In December, we imposed a **financial penalty of £3 million on Camelot**, the operator of the National Lottery. This follows an in-depth investigation relating to an allegation that a fraudulent National Lottery prize claim had been made and paid out in 2009, but which only came to light last year and was then immediately brought to the attention of the Commission and the Police.

We found that Camelot had breached the terms of its operating licence in three key aspects:

- its controls relating to databases and other information sources;
- the way it investigated a prize claim; and
- its processes around the decision to pay a prize.

Suspension of AGC operating licence

In December we commenced a **review under section 118 of the Gambling Act 2005** and suspended operating licence No 042465-N-322339-002 (Run Lines Limited) while that review takes place. We suspect that a licensed activity is being or has been carried on in a manner which is inconsistent with the licensing objectives (section 120(1) (a) of the Act), conditions of the licence have been breached (section 120(1) (b) of the Act) and the licensee is unsuitable to carry on the licensed activities.

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Case studies

Police Scotland operation in Falkirk

This month we undertook a [joint operation with Police Scotland at betting shops in Falkirk](#), as part of a series of operations conducted in Scotland in recent years. The compliance exercise had two purposes - to help train police officers on how to conduct inspections of gambling licensed premises, and to raise awareness amongst betting shop staff of the risks of crime.

Illegal machines in Enfield

We recently assisted the London Borough of Enfield licensing enforcement team, local police and HMRC in a multi-agency, intelligence led illegal machines operation visiting unlicensed premises known to be siting illegal machines.

The operation was designed to address the concerns of residents, businesses and the police within the borough, relating to unlawful activities of a minority of businesses who engage in this type of criminal behaviour.

Many premises had already removed the offending machines after a previous successful operation involving partner agencies. However 10 machines were seized from 6 premises visited, a combination of Joker Poker and Black Horse Machines, after previously being warned.

HMRC will be applying fines to the premises owners for non-payment of duty, previously applying some £20,000 in fines after a similar operation. The LA will seek to recover costs and pursue formal action against all premises owners, and prosecuting repeat offenders.

The illegal machines will be retained for a period of 28 days awaiting any claims for ownership and proof of legality, before being destroyed.



Test purchasing – NE Lincolnshire and Southend

We supported two local authorities carrying out age verification test purchase exercises during the October half term last year.

During [an operation with North East Lincolnshire council](#), six arcade premises in Cleethorpes were tested and all six passed. The council has written to the premises operators commending them on the result.

In the same week, we worked with Southend-on-Sea Borough council to test nine premises in the town. Of those, five arcades failed to appropriately challenge the tester for ID. The council has written to the operators concerned to address the failures.

We would like to hear from any LAs that would like to work with us in this area. Please contact your Commission compliance manager in the first instance if you are interested in taking part.

LAs are encouraged to send case studies for inclusion in future bulletins.

Please supply details to info@gamblingcommission.gov.uk

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Advice and guidance updates

Commission and IOL elearning module on gaming machines

The Commission and Institute of Licensing (IOL) have jointly launched an e-learning module on gaming machines.

This module is the first of 3 modules designed to help LAs and other co-regulators to improve their understanding of gaming machines and the local regulation of them.

This module provides an introduction to gaming machines and covers:

1. The role of LAs in the regulation of gambling
2. What is a gaming machine; and
3. The various types of gaming machine

Subsequent machine modules will cover:

- The physical aspects of a machine and how they work
- Machines notices and signage requirements
- The illegal siting of machines and how to take regulatory action

These modules can be accessed by anybody. You can access these modules via the [IOL website](#), and these modules are CPD accredited (based on a 30 minute average). 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 to get started.

Please note, that the gaming machines sector is a diverse and complex one and this training is only designed to give a basic introduction, for help with complex issues seek specialist advice.

10 year permit renewals

LAs are reminded that 10 year club gaming, club machine and unlicensed family entertainment centre (uFEC) permits start to come up for renewal this year. Further advice and guidance is available on the website in relation to [club permit renewals](#) and [uFEC permit renewals](#).

No participation fee for bingo in pubs

Bingo is a class of equal chance gaming permitted on alcohol licensed premises under the allowance for exempt gaming in Part 12 of the Gambling Act 2005 (the Act).

Alcohol licensed premises are able to provide facilities for bingo, as long as restrictions in S281 of the Act are complied with:

- In any seven day period, the aggregate stakes or prizes for bingo must not exceed £2000, either in money taken or prizes awarded (if the limit is exceeded, the relevant operating and personal licences must be applied for)
- As part of the exempt gaming rules, a fee **may not** be levied for participation in the bingo. A compulsory charge, such as charging for a meal, or for entry to the premises where bingo is being played, may constitute a participation fee, depending on the particular circumstances. [The Gambling Act 2005 \(Exempt Gaming in Alcohol Licensed Premises\) Regulations 2007](#) set the controls for this form of gaming to ensure it remains a low stakes and prizes activity
- The bingo must comply with the [Code of Practice for equal chance gaming in club and premises with an alcohol licence](#) - this includes compliance with the maximum stakes of £5 per person per game.

LAs with concerns about alcohol licensed premises playing bingo with stakes and prizes exceeding the £2,000 weekly limit or where there is a possible fee to play, should contact their compliance manager in the first instance.

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Machine entitlement and temporary event notices

Following some recent enquiries on this topic, LAs are reminded that premises licensed to sell alcohol must switch off their gaming machines when they are not able to supply alcohol in reliance on an alcohol licence or sell alcohol for consumption on the premises in reliance on a relevant Scottish licence.

Section 278 of the Gambling Act 2005 (the Act) sets out that the automatic entitlement to make gaming machines available for use outlined in section 282 of the Act, applies to premises:

- in respect of which an on-premises alcohol licence (premises licence or club premises certificate under the Licensing Act 2003) or relevant Scottish licence has effect,
- which contain a bar at which alcohol is sold for consumption on the premises (without a requirement that the alcohol is served only with food), and
- at a time when alcohol may be supplied in reliance on the alcohol licence or sold for consumption on the premises in reliance on the relevant Scottish licence.

A temporary event notice issued under Part 5 of the Licensing Act 2003 does not extend the on-premises alcohol licence. It provides a separate authorisation for the provision of licensable activities, namely the sale of alcohol, regulated entertainment or late night refreshment.

While it is possible for authorisations under a premises licence and a temporary event notice to have effect concurrently, if a premises licensed to sell alcohol is not supplying or selling alcohol in reliance on an alcohol licence (a premises licence issued under Part 3 of the Licensing Act 2003), or a relevant Scottish licence (a premises licence issued under the Licensing (Scotland) Act 2005), gaming machines must be switched off.

Machine entitlement in AGCs and bingo premises

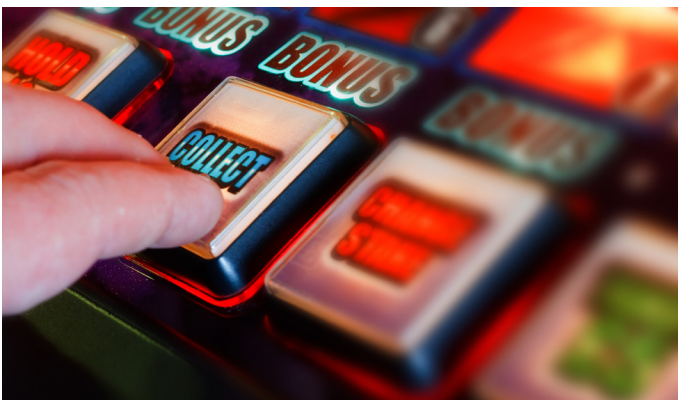
For licensed Adult Gaming Centres (AGC) and bingo premises the number of category B machines is limited to 20% of the total number of machines available for use (for premises licences granted on or after 13 July 2011). Clarification has recently been sought by some LAs regarding how hand held devices which offer bingo and / or gaming machine content fit into this entitlement.

DCMS published a [Q&A in 2011](#) which covers this, specifically questions 7 and 8, but the other questions may be of use (please note that AMLD referred to in the document has now been replaced by [Machine Games Duty](#)).

Local authorities promoting lotteries

Following a report in the [September 2016 LA bulletin](#), the Commission has now licensed seven local authorities to promote lotteries with applications from a further three pending. The licences issued are to:

- Eastbourne Borough Council
- Aylesbury Vale District Council
- Tonbridge and Malling Borough Council
- Portsmouth City Council
- Mendip District Council
- Melton Borough Council
- Bournemouth Borough Council



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Key points:

- Any local authority that wants to promote their own lottery must first obtain a lottery operating licence issued by the Commission) under section 98 (1)(b) of the 2005 Gambling Act (the Act).
- The mandatory conditions of a lottery operating licence are set out at section 99 of the Act. Additional conditions will apply to the licence under the Commission's Licence Conditions and Code of Practice (LCCP).
- Section 99(2)(b) of the Gambling Act (the Act) specifies that a local authority can use the 'profits' of their lottery to spend on 'a purpose for which the authority has power to incur expenditure'.
- In respect of a lottery operating licence issued to a local authority section 98(7) defines a local authority in England as a district council, a county council, a parish council, a London borough council, the Common Council of the City of London and the Council of the Isles of Scilly and in Wales as a county council, a county borough council and a community council and in Scotland as a council constituted under section 2 of the Local Government (Scotland) Act 1994.
- Some local authorities appoint an External Lottery Manager (ELM) to make the arrangements for their lottery on their behalf. Local authorities who use an ELM must first ensure sure that the ELM holds a lottery operating licence issued by the Commission. In those circumstances the local authority must also hold a lottery operating licence.
- All license holders are listed on the Commission's public register, including local authorities and ELMs.

Our advice note *Promoting society and local authority lotteries* provides detailed information about running local authority lotteries. If you require any further information about how to apply for a lottery operating licence please contact us.



Information sharing

Latest industry statistics

The Commission's *industry statistics* published in November showed that online gambling accounts for 33% of all gambling in Britain, making it the largest gambling sector in Britain. Other highlights of the report include:

- Britain's gambling industry generated a GGY of £13.6billion between April 2015 and March 2016
- Between April 2015 and March 2016 the National Lottery contributed £1.8billion to good causes, representing a 7.2% increase on the previous year.
- A total of £208m was raised for good causes through large society lotteries, representing a 10.5% increase on the previous year.
- There are 8,709 betting shops in Britain as of September 2016, representing a 1.8% decrease from March 2015
- The total number of gaming machines was 167,839, down 0.4% on the previous year
- As of March 2016 there were 34,884 B2 gaming machines in Britain, down 0.9% on March 2015
- There are 575 bingo premises in September 2016, down 4.3% on March 2016
- 104,896 people were employed in Britain's gambling industry, down 1.5% on the March 2015

Young people and gambling 2016

The Commission's *research study into 11-15 year olds gambling in England and Wales* indicated that 450,000 children every week, and that around 9,000 of these are likely to be problem gamblers.

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The findings indicate that the overall rate of gambling among 11-15 year olds is around 16%.

This figure compares to 5% of 11-15 year olds who have smoked and 8% who have drunk alcohol in the last week, while 6% have taken drugs in the last month.

Budd revisited – gambling in Great Britain 15 years on

An essay has been published examining [how gambling in Great Britain has developed](#) since the publication of the Budd review of the country's gambling laws some 15 years ago.

Costs to government associated with problem gambling

The Institute for Public Policy Research, supported by GambleAware have published the report [Cards on the Table](#) which looks at the cost to government associated with people who are problem gamblers in Britain. The report states that it is possible to identify a number of interactions for which there is an observable association between an area of cost to government and an individual being a problem gambler, and for which there is sufficiently relevant and robust data:

- health costs: primary care (mental health) services; secondary mental health services; and hospital inpatient services
- welfare and employment costs: JSA claimant costs and lost labour tax receipts
- housing costs: statutory homelessness applications
- criminal justice costs: incarcerations.

Gambling training modules for LAs

We have a number of refresher modules for licensing officers on topics which compliance managers can deliver at these at regional/IOL licensing meetings. Modules available are:

- Illegal betting in pubs
- Poker in pubs
- Small society lotteries
- Club gaming and club machine permits
- Test purchasing in England and Wales
- Gaming machines
- Betting at tracks
- Money laundering (for police/LAs)
- Police powers on conducting gambling premises inspections (in gambling premises and alcohol licensed premises in England and Wales)
- **New** permit renewals

If you are interested in receiving such training, please contact your compliance manager.



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Reference materials

List of Primary Authority gambling agreements and details of introductory courses

Gambling Primary Authorities (PA) agreements signed to date. LAs are reminded that there is no restriction on any LAs wishing to undertake proactive test purchasing activity where the PA has not developed a National Inspection Strategy.

Regulatory Delivery is currently offering a number of free introductory sessions on Primary Authority for local authority officers about the forthcoming changes to PA, which take effect in October 2017. [Further details on the PA website.](#)

Milton Keynes - Ladbrokes
(with National Inspection Strategy)

London Borough of Newham - Corals
(with National Inspection Strategy)

Reading - Paddy Power
(with National Inspection Strategy)

Reading - BACTA

Reading - ABB

Reading - Welcome Break

Reading - MOTO

Westminster - William Hill

LAs should check the [Primary Authority register](#) to see which trade association members have signed up to the BACTA and ABB agreements (you need to search for Reading or for the name of the operator itself).

Print friendly quick guides and templates

LAs are reminded that we have a number of quick guides. Some are designed to give to operators when undertaking visits, others provide an accessible how to for licensing staff. For print friendly versions: just click on the print friendly instruction on the front of each quick guide and make sure your printer is set to print on both sides of the paper:

- [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](#)

Examples of [non-complex category D gaming machines](#) and information about how they should be correctly labelled as category D non-complex crane grab machines is also available in this section of the website.

In the [LA toolkits on our new website](#) you can find example letter templates are also available, which LAs may wish to use when dealing with issues such as illegal machines in pubs, and illegal poker or betting in pubs.

We also have compiled a [list of sample conditions that LA have attached to premises licences](#). These are provided for illustrative purposes only. They provide examples of sorts of conditions a licensing authority may wish to think about when addressing similar evidenced based concerns within a local area.

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Licensing authority inspection outcome letters and inspection guidance

In 2013, we worked together with the Leicester, Leicestershire and Rutland Licensing Forum and the Leicester and Leicestershire Enterprise Partnership (LLEP) to create templates for assessments at gambling premises. The templates included reference to the social responsibility code provisions issued by the Commission under s153 of the Act. We also jointly created a suite of letters to assist LAs in communicating the assessment outcome to operators. These documents have just been updated to reflect the new social responsibility codes that came into force in May 2015. You can find the assessment templates at the [LLEP website](#).

Gambling Act statutory notices and forms

LAs are advised that DCMS has asked the Commission to host all the [statutory notices and application forms](#) on the Commission's website as they are no longer available on the DCMS website.

Using the right 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 Commission (part 3, s12 and 13 of the Gambling Act 2005 (Premises Licences and Provisional Statements) Regulations 2007).

LAs also have statutory duties to notify the Commission as well as the applicant and other responsible authorities of the grant/rejection of applications (new, variations, transfers etc) as well as the revocation, surrender or lapse of a premises licence using the correct statutory forms. Having all the statutory forms (both in English and in Welsh) in one place should help you to comply with those statutory processes.

Additionally we are aware that the gambling pages on many LA websites signpost applicants to the DCMS website for more information. As you will know the separate government departments now all use the www.gov.uk website and much of the historic gambling material is no longer available. LAs may wish to review and update their websites, signposting to the Commission's website where appropriate.



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Premises licence register

LAs are reminded that the information on the 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 use email to submit details of grants, transfers, notices, revocations, permits sending all necessary correspondence to info@gamblingcommission.gov.uk. In relation to gaming machines, please only share notices of grant/rejection of Club Machines Permits and Gaming Machine Permits, as 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.

Find operating licence holders

Our **public register** contains 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 are reminded to 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).

Change of licensing personnel?

We try to ensure our contact records are up-to-date, but please help us out by letting us know when there are any changes of gambling contacts in your LA so that our communications reach the correct person.



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
www.gamblingcommission.gov.uk