

LA BULLETIN MARCH 2019

News

Gambling participation in 2018: behaviour, awareness and attitudes

This latest gambling participation data collected through quarterly telephone and online surveys and problem gambling data from the Health survey for England, Scottish health survey, and our Welsh problem gambling survey has been [published](#).

Overall gambling participation has remained stable compared to 2017 with 46% of respondents aged 16+ having participated in at least one form of gambling in the past four weeks in 2018 (45% in 2017).

Those participating in gambling were more likely to be aged between either 55-64 (55%) or 45-54 (52%), however if we exclude National Lottery draw only participation, those in the age group 25-34 had the highest participation level (40%).

Among online gamblers, laptops and mobile phones remain the most popular method of accessing gambling online in 2018. Mobile phone use for gambling purposes significantly increased (44%, up from 39% in 2017), whilst laptop use significantly declined (45%, down 5% from 2017).

Awareness of self-exclusion among gamblers is 47%. Overall, 6% of gamblers had ever self-excluded and a further 41% hadn't self-excluded but were aware of it.

According to our latest Combined Health Survey (2016), an estimated 0.7% people aged 16+ were classified as problem gamblers.

In response to a question used to ascertain how important the public felt that various gambling regulatory measures are, most people said having controls in place to ensure that children and young people are not exposed to gambling was the most important.

Licensing authority annual returns portal opens 1 April until 10 May

In early March we wrote to LAs, advising them to start to prepare for their annual return covering the period 1 April 2018– 31 March 2019. A further reminder letter will be sent at the end of March advising LAs that the portal opens on 1 April and providing details of the online portal and your Passcode. Please remember that the Passcode will only work with a registered user email address. The Passcode is specific to your LA not to an individual so multiple email addresses can be registered per LA, but we would encourage you to register your licensing@ email address, if you have not already done so.

A report analysing the returns will be published later in the year and an accompanying Excel spreadsheet which enables you to compare your authority with others across Great Britain. We were delighted that all 380 LAs submitted their returns and contributed to the [report last year](#) but a small number needed repeated chasing culminating in having to contact CEOs directly. Submitting the data is a statutory obligation, and failure to submit within this timescale will result in the matter being escalated.

Please contact your local compliance manager if you have not received any correspondence about the annual returns.

Consultations

Have your say on making gambling fairer and safer

We are consulting on changes to Licence Conditions and Codes of Practice (LCCP) requirements for customer interaction and alternative dispute resolution along with a call for evidence on gambling website blocking software. The closing date for views on the [consultation](#) is on 9 May 2019.

Call for evidence on Category B gaming machines and gambling online with credit cards

We are asking gambling businesses to outline how they will meet the challenges set out in the Government's [Review of Gaming Machines and Social Responsibility Measures](#) over the protections for players using Category B gaming machines. It also seeks to gain further insight into the harm prevention measures already afforded to players of Category B2 gaming machines and whether player protection measures should be extended to B1 and B3 machines. [Views](#) are sought by 16 May.

In 2018 the Responsible Gambling Strategy Board provided advice to us on online gambling which included recommendations on gambling using credit. The advice noted that gambling with borrowed money, including with a credit card, is a well-established risk factor for harmful gambling. We are therefore [requesting views](#) on the issue of gambling online with credit cards. We are engaging with gambling operators and financial institutions, debt relief charities and consumers. This call for views closes on 16 May.

Feature article

Impact of B2 stake change

As advised last month, from 1 April 2019 B2 gaming machines (Fixed Odds Betting Terminals (FOBTs)) will see their maximum stake per spin reduced from £100 to £2.

The changes to stakes on B2 machines will be done via software updates, some of which will have been introduced during March in order to enable operators to test that the software works effectively.

There has been much reported in the press about the likely impact of these changes and it is inevitable that the industry will react to such a significant change in the market which is certain to impact on consumers and the look of our high streets.

Figures from 2018 show that in £1.78 billion of high street betting operators revenue was generated via B2 machines, which represented 58% of their profits.

It is highly likely that the number of licensed betting offices across Great Britain will reduce from the current 8,500. Whilst the exact number of closures is unknown, we do estimate that premises numbers will reduce by @25% in the first year following the change.

LAs are encouraged to advise us of premises surrenders in a timely fashion so that we can keep track of closures. Premises closures will also impact on annual fee income for LAs.

We have already seen Ladbrokes/Coral apply for an AGC operating licence and convert some betting premises into arcades and more operators may follow suit due to the lower fixed costs involved, whilst others may look to offer limited sports betting in premises without the costs of showing horse/dog racing on TV.

Betting operators are likely to encourage customers to convert to playing B3 games or to access on line offerings which are currently unaffected by the stake reduction.

Similarly LAs may see an increase in the number of self service betting terminals (SSBTs) in betting shops as there are benefits with regard to staffing costs and the ability to offer

additional markets particularly in-play betting. There is currently no restriction on the number of SSBTs that can be sited, however LAs have the power under s 181 of the Gambling Act to restrict their numbers by attaching a condition to the betting premises licence where there is evidence of risk to the licensing objectives. When considering whether to impose such a condition on a particular premises, LAs, amongst other things should take into account the ability of employees to monitor the use of the machines by children and young persons or by vulnerable people.

Due to the well-advertised profitability of FOBTs there is a risk that criminals will seek to exploit this and so co regulators should be alert to the emergence of an illegal market.

We encourage LAs to work with us to monitor how the betting industry will react in the months ahead. Please contact your local compliance manager if you have any queries about new offerings in LBOs or if you wish to undertake some joint visits to betting shops during the Institute of Licensing's National Licensing Week 17-21 June, which the Commission is supporting again for the 3rd year running.

Gambling Commission advice and guidance

Premises transfers and annual fees

In response to recent queries, LAs are reminded that s100(1)(b) of the Gambling Act makes it clear that a licensee must pay any annual fees (after the initial one) '*before each anniversary of the issue of the licence*'. As the transferee is relying on the original licence (just altered to reflect the details of the new licensee) the relevant date for annual fee payment is the date of the original issue of the licence, rather than any transfer date.

Unlicensed Family Entertainment Centres (uFECs)

LAs are reminded that when considering applications for new or renewals of uFEC permits that the application complies with S238 of the Act in that a uFEC premises is one that is wholly or mainly for making gaming machines available for use, and that they can only site category D gaming machines.

It is not permissible for such premises to comprise a shopping centre, sports hall, bowling alley or motorway service station nor for machines to be located in corridors or walkways (for example, to public toilets) which are part of the larger building. As such, applications should be accompanied by a plan which clearly illustrates the premises to which the permit will apply.

Applicants should be able to demonstrate that they are obtaining machines from suppliers licensed by the Commission.

Another important consideration is that of adequate supervision of the uFEC areas – we encourage LAs to satisfy themselves that the risk to the licensing objectives, principally that to children and vulnerable persons is appropriately managed and in accordance with any requirements specified in their Policy statements. A [safeguarding toolkit](#) produced by Sheffield City Council's Safeguarding Board may be useful in this regard.

Further information about uFEC renewals is available on [our website](#) or if you have any doubts or queries regarding applications, please contact your local Compliance Manager.

Licensing authority annual review of premises fees

We are aware that some LAs in England and Wales only review their gambling fees every 3 years but we would encourage you do so annually. The [maximum fee levels](#) are set by the Department for Digital Culture Media and Sport (DCMS).

For England and Wales the Gambling Act states that LAs shall “...aim to ensure that the income from fees as nearly as possible equates to the costs of providing the service to which the fees relates” (Gambling Act 2005 Section 212(2) (d))”

The DCMS guidance to LAs on setting premises licence fees therefore states that: “Licensing authorities should therefore review and publish their fees annually to ensure that the income from the premises licence fees in any one accounting period (ie in any full financial year) does not exceed the full costs incurred by the authority in carrying out the relevant functions.”

The DCMS fee guidance, which is available on the LGA’s knowledge hub, also states the annual fee will cover the reasonable costs of compliance and enforcement work, including the cost of dealing with illegal gambling in a licensing authority’s area.

Fee setting must be transparent and a licensing authority should closely track its costs and be able to evidence how it arrived at the fee levels to demonstrate that they have been calculated on a cost recovery basis only.

Although ultimately it is a matter for the courts, we understand that the Supreme Court ruling in Hemming v Westminster does not impact on licensing authorities setting premises fees under the Act, as the Act does not fall within the scope of the EU Services Directive.

Be aware of OUNs!

Occasional Use Notices (OUN) are designed to allow licensed betting operators to provide betting facilities at genuine sporting events, such as point-to point racecourses and golf courses for major competitions, within the boundaries of the identified venue on a specific date.

We are aware of a small number of instances whereby OUNs have been misused. Local sporting clubs, or other venues seeking to become tracks through a contrived sporting event, have utilised OUNs to solely or primarily facilitate betting taking place on events occurring away from the identified venue. For example, a local hotel or club seeks to host a themed event coinciding with the Grand National meeting, claiming that a darts competition will be taking place at the venue thus permitting that a bookmaker could attend and accept bets on the darts event when in reality they will primarily be there to take bets on the Grand National.

Please ensure that you contact your local compliance manager for advice if you should receive an OUN that does not relate to a genuine recognised sporting event.

LAs are also reminded that an OUN must be submitted for EACH day that the betting activity will be conducted on the premises. For example 4 notices for 4 consecutive days of betting and not one notice covering the 4 days.

More information about OUNs is available on our [website](#).

Fairground reminder

In the run up to Easter, we remind the trade about the rules for buying, maintaining and operating fruit machines at fairgrounds ahead of the start of the traditional summer season. Low-stake fruit machines (category D) can be made available at fairgrounds along with coin pushers and crane grabs. Higher stake fruit machines (category B and C), like those typically played in arcades and pubs, are not permitted. Fairground operators must source their

machines from a Gambling Commission licensed supplier and employees working with gaming machines must be at least 18 years old. More information is also available in [our fair and fairgrounds quick guide](#).

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.

Before undertaking inspections, officers should check if there are any age verification Primary Authority agreements in place in order to get the most of out the visit. Details of the gambling age verification Primary Authority agreements signed to date are on [our website](#).

The [assessment templates](#) have also been updated to reflect the abovementioned LCCP changes, and the statement on entry advice has been [updated on the website](#) to make it clearer for LAs to follow. There is now an explanation of how the information sheets can help them comply with The Gambling Act 2005 (Inspection) (Provision of Information) Regulations 2007. It also emphasises the fact that if LAs use the [premises information templates](#), they will have to amend it to show their own contact details before issuing to operators.

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](#)

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](#).