

Indicators of betting as primary gambling activity

Compliance framework, November 2011

1 Introduction

- 1.1** The Gambling Commission's interpretation of the framework of the Gambling Act 2005 (the Act) is that holders of general betting standard non-remote operating licences must provide betting as the primary gambling activity on licensed betting premises. We reinforced this understanding of the Act in May 2009 with the introduction of licence condition 16 to the Commission's Licence Conditions and Codes of Practice (LCCP) to all holders of this particular operating licence.
- 1.2** The Commission continues to receive a number of regulatory returns from general betting standard non-remote operating licence holders, where betting activity accounts for a minimal proportion of gross gambling yield. It is likely that in these cases further regulatory activity will be necessary to assess whether the requirements of LCCP with regard to primary gambling activity are being met.
- 1.3** The six indicators below are used by the Commission when assessing compliance with LCCP at premises where betting is the primary gambling activity offered. The indicators are based on the requirements of LCCP and what is accepted as typical of commercial betting shop provision in the British market.
- 1.4** Each case will be judged on its merits but the indicators discussed below are relevant to the vast majority of betting premises - operators with specialist or niche betting operations will need to explain why these indicators are not applicable to them.

Indicators of betting as primary gambling activity

- 1 The offer of established core products (including live event pictures and bet range)
- 2 The provision of information on products and events
- 3 The promotion of gambling opportunities and products
- 4 The actual use made of betting facilities
- 5 The size of premises
- 6 The delivery of betting facilities

2 Background

LCCP and betting primary gambling activity

- 2.1 In respect of primary gambling activity for non-remote general betting standard licence holders, LCCP includes a specific licence condition and an ordinary code of practice.

Licence condition 16

“Gaming machines may be made available for use in licensed betting premises only at times when there are also sufficient facilities for betting available.”

- 2.2 Such facilities for betting must include:

- the provision of information that enables the customer to access details of the events on which bets can be made
- facilities to enable to place bets
- facilities to establish the outcome of the events
- facilities to calculate the outcome of their bets
- facilities to be paid or credited with any winnings.

- 2.3 Where licensees provide facilities for betting only by means of betting machines the licensee must ensure that the number of betting machines is greater than the number of gaming machines which are made available for use in reliance on the premises licence.

Ordinary code provision

- 2.4 The factors listed in the ordinary code provisions with regard to betting as the primary gambling activity are the principal factors to consider in determining whether sufficient facilities are being provided to satisfy the requirement for primary gambling activity.

- 2.5 The four indicators are as follows:

- the range and frequency of events on which bets can be made
- the ratio of the space available to customers allocated to the primary gambling activity, to that allocated to other gambling activities
- the extent to which the primary gambling activity is promoted on the premises and by way of external advertising compared to other gambling activities
- the use, either expected or actual, to be made of the different gambling facilities.

3 Compliance indicators

- 3.1 This section sets out the indicators used by the Commission in assessing whether betting is being offered as the primary gambling activity on a betting premises.

- 3.2 Each of the six indicators which make up the compliance framework are listed with a brief description of what the Commission considers that a typical betting shop offering betting as the primary gambling activity offers.

1 The offer of established core products (including live event pictures and bet range)

Overall range and frequency of events

- 3.3** High street bookmakers offering betting as a primary gambling activity typically look to increase customer spend and time spent per visit by offering regular betting opportunities during opening hours.
- 3.4** Shop opening times can vary slightly based on local business features between the hours of 8am-10pm. The Commission considers that a typical betting shop offering betting as the primary gambling activity would, within half an hour of shop opening to within half an hour of closing, broadcast live betting opportunities from the five core products listed below throughout the day. Based on *the Gambling Industry Statistics 2009/10 – Update July 2011* the off-course betting operator's average percentage of betting turnover on each product is:
- horseracing (59%)
 - greyhound racing (15%)
 - football (11%)
 - numbers (9%)
 - other (sports) (6%).

Range and frequency of events involving core products

- 3.5** The Commission considers that a typical betting shop offering betting as the primary gambling activity would offer the following range and frequency of betting events involving core products.
- 3.6** This list does not make it a requirement for operators to accept bets from all customers at all times on such events. Operators may well restrict access, partially or wholly, to markets for sound commercial reasons which can be evidenced.

Horse racing

- regular daily service offering horse racing betting from Great Britain and Ireland in line with the respective fixture lists
- foreign morning meetings, for example South African
- typical day will include two or more staggered British horse meetings with up to eight races per card.

Greyhound racing

- regular daily service offering greyhound betting from six venues equally divided into morning, afternoon and evening slots.

Football

- UK domestic league football
- domestic and European cup competitions
- international matches.

Numbers (including virtual betting products)

- numbers betting products (such as 49s and Irish Lottery)
- virtual racing events available throughout each day.

Other sports betting

- PGA and US PGA golf each week
- tennis
- international and domestic cricket.

Broadcasting of live event pictures for core products

- 3.7** The best source of promoting a betting event on a premises is live pictures. In relation to UK horse and dog racing these are commercially provided by Turf TV and SIS.
- 3.8** Events such as football, golf and tennis are often shown on terrestrial television or via commercial agreement with satellite providers such as Sky. Domestic coverage of the free-to-air listed sport events such as the Grand National is also made available.
- 3.9** Clearly the ability to watch an event has a positive promotional effect on turnover levels hence the cost involved in accessing the picture provider's content. Along with live pictures the broadcast media's audio support informs customers of upcoming events and details.
- 3.10** Premises offering betting as a primary gambling activity usually offer an audio service to remind operators of the live events that are imminent and available to bet on.

Range of bets available on core products

- 3.11** The Commission considers that a typical betting shop offering betting as the primary gambling activity offers a range of bets that includes the following:
- single bets on all of the five core products
 - multiple bets across all of the above five categories. This should normally include some, or all, of the following: doubles, trebles, patents, Lucky 15s 31, 63's and Yankee and Super Yankee.
 - ante-post betting on high profile competitions in all core products.

Specific bet type range by core product

- 3.12** In addition, the Commission considers that a typical betting shop offering betting as the primary gambling activity would offer the following specific bets for each of the core products:

Horse and greyhound racing

- 3.13** Forecast and tricast betting would normally be available when betting on horse or dog races.
- 3.14** A customer placing bets on horse or dog racing can choose between the current 'live show' price or the starting price.

Football

- 3.15** A betting premises offering betting as the primary gambling activity would typically offer first goalscorer, correct score and scorecast betting.
- 3.16** Dedicated football coupons tend to be available in midweek and weekend formats to facilitate the placing of multiple bets.

2 Provision of information on products and events

Customer information screens

- 3.17** A betting shop typically has a bank of screens providing customers with details of upcoming events and betting opportunities and also results of previous events. In particular they would show the following information on the next betting opportunity:
- event type
 - participants
 - odds of participants
 - time and location of event
 - each-way place terms.

Horse and dog events may also include details of going, jockey changes, non runners and rule four details.

Event details including form/results

- 3.18** Betting shops display details of the day's horse and dog meetings which include runners, form guides and tips most commonly provided by the Racing Post.
- 3.19** Publicising results in the customer area helps to promote the range of betting events available and reminds customers of the availability and the scope of individual betting products.

3 Promotion of gambling opportunities and products

External promotion

- 3.20** The Commission considers that a typical betting shop offering betting as the primary gambling activity uses promotional posters to advertise products and betting events in their windows, in particular to generate interest/revenue in the build up to a significant sporting event, for example the Grand National or a live Premier League football match.
- 3.21** Where other advertising is used, the Commission considers that a typical betting shop offering betting as the primary gambling activity would reference betting products as part of their advertising.
- 3.22** Trading names used and other external fascia may also provide an indicator of the primary gambling activity of the business.

4 Actual use made of betting facilities

Betting vs gaming

- 3.23** The Commission considers that a typical betting shop offering betting as the primary gambling activity would attract a mixture of customers each day, some of whom would be placing bets.
- 3.24** There is an industry trend towards gaming machines and away from over the counter betting. Based on the latest industry statistics the average breakdown between gaming machines and betting gross gambling yield for the off-course betting industry are:

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- betting – 54%
- gaming – 46%

3.25 The level of betting turnover cannot simply be compared to gaming machine turnover due to the churn effect of a gaming machine session of play. The Commission will therefore also consider the profit, slippage and staking of betting activity against industry averages when considering whether the actual use of made of betting facilities is indicative of a betting shop offering betting as the primary gambling activity.

3.26 The Commission considers that a typical betting shop offering betting as the primary gambling activity would have a clearly defined business plan setting out the expected use of betting versus gaming including interim targets (and supporting promotional activity).

5 Size of premises sufficient to provide facilities

3.27 In order to provide sufficient facilities for betting as outlined above the Commission will have regard to the actual size of the premises and whether the premises are adequate to provide betting facilities as the primary gambling activity rather than as ancillary to a gaming machines area.

6 Delivery of betting facilities

3.28 If an operator chooses to rely on betting terminals without a counter service to offer betting as the primary gambling activity, then they must site more betting terminals/machines than gaming machines.

3.29 A betting shop premises where the number of betting machines is equal to or less than the number of gaming machines, is required to have a counter service available with at least one member of staff present at all times to facilitate the placing of bets. An intermittent counter service in such circumstances would, at times, lead to the delivery of betting facilities relying solely on machines, meaning the operator would be in breach of Licence Condition 16.

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Keeping gambling fair and safe for all

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