

Arcades

Key points: Conditions and codes

This briefing paper deals with the regulation of licensed arcades: Adult Gaming Centres (AGCs) and licensed Family Entertainment Centres (FECs). It does not apply to FECs which have a permit from local licensing authorities, and which are only permitted Category D machines on their premises.

AGCs are not allowed to admit under-18s to their premises. Licensed FECs may admit children and young people but they may only have access to the lowest category of machines (category D). These have the lowest stakes and prize limits (maximum permitted stake of 10p in cash or 30p if non-monetary, and maximum prize of £5 in cash and £8 if non-monetary). Children and young persons must not be admitted to adult-only areas (ie those containing category C machines).

Since September 2007 gambling operators in Britain are required to be licensed by the Gambling Commission (the Commission). The Commission published Licence Conditions and Codes of Practice (LCCP) in November 2006, followed by a supplement in December 2006. A further revision of LCCP was published in June 2007 replacing both previous documents.

Since the publication of the LCCP in June 2007 a number of issues were raised both within the Commission and by external stakeholders. Some of these were concerned with clarifying the meaning of certain provisions, but there were also instances where with the benefit of some experience of the new regime, it became apparent that new provisions were required or existing ones needed amending. A consultation exercise was undertaken, during which stakeholders, including industry representatives and other interested parties, were given the opportunity to express their views about the proposals.

The proposals were published for consultation in April 2008. The Commission consulted widely with the industry, consumer groups with an interest in gambling and other interested parties, and made changes in response to the consultation.

The latest version of LCCP was published in October 2008 and takes effect from 1 January 2009. This revised document incorporates some additional and clarified provisions which reflect further work and consultation. It sets out the licence conditions and social responsibility code provisions with which licensees must comply and the codes of practice on how gambling should be conducted.

All the relevant LCCP publications are available on the Commission's website or in hard copy by contacting the Commission.

General principles

The Commission expects all gambling licensees to:

- conduct their business with integrity
- act with due care, skill and diligence
- take care to organise and control their affairs responsibly and effectively, with adequate risk systems and controls to protect the three licensing objectives
- maintain adequate financial controls and resources
- have due regard to the interests of customers and treat them fairly
- have due regard to the information needs of customers, and to communicate with them in a way that is clear, not misleading, and allows them to make a properly informed judgment about whether to gamble
- manage conflicts of interest fairly
- work with the Commission in an open and cooperative way and disclose to the Commission anything relating to the operator of which the Commission would reasonably expect notice.

The Commission takes these principles into account when considering the suitability of licence holders.

The Commission's role

The Commission regulates gambling in the public interest. Its remit is to keep crime out of gambling, ensure that gambling is conducted fairly and openly, and protect children and vulnerable people from harmed or exploited by gambling. The Commission also provides independent advice to government on gambling in Great Britain.

The Commission is a Non-Departmental Public Body. It operates at arm's length from government. It is independent from any political party, industry interest or pressure group. The Commission was set up in October 2005 under the Gambling Act 2005. It took over the work of the Gaming Board for Great Britain. Under the 2005 Act, the Commission regulates betting, bingo, casinos, gaming machines, lotteries, and remote gambling. The Commission does not regulate spread betting (the responsibility of the Financial Services Authority) or the National Lottery (regulated by the National Lottery Commission).

Key points

Protecting children and vulnerable people

- Until now, many responsible operators have voluntarily adopted codes of practice on social responsibility. The licence conditions and social responsibility codes of practice now in place have statutory force. Arcade licensees must have policies and procedures for promoting socially responsible gambling. These must include how they will contribute to research into the prevention and treatment of problem gambling, to education of the public on the risks of gambling and how to gamble safely, and to the identification of problem gamblers and their treatment.
- Arcade licensees must provide clear information in a prominent place about responsible gambling and the help available to problem gamblers. This information must be readily accessible including in locations which enable the customer to obtain it discreetly.
- AGC licensees must train employees about possible problem gambling and how to identify it. They must implement policies and procedures for customer interaction where they have concerns that a customer's behaviour may indicate problem gambling. The policies must include training for all staff on their respective responsibilities including in respect of the health and safety of staff.
- AGC licensees must put in place procedures which allow customers to exclude themselves if they feel they have a gambling problem. The self-exclusion period should be for a minimum of six months and should be able to be extended to at least five years. Procedures should require customers to take positive action to self-exclude eg by signing a self-exclusion form. Similarly at the end of the period chosen, the self-exclusion should continue unless the customer takes positive action to end it.
- Advertising should comply with advertising codes of practice. This will bar advertisers from encouraging irresponsible or excessive gambling, from seeking to harm or exploit children, young people, or other vulnerable people, from directing advertisements at those under 18, and from featuring people who seem to be younger than 25.
- Marketing must be socially responsible and licensees must comply with strict controls on incentives to gamble.
- AGCs must have policies and procedures in place to prevent entry by under-18s; and FECs to prevent entry into the adults-only area of their premises.
- Arcade licensees must have robust procedures to prevent underage gambling, including age checks and the removal of anyone trying to gamble in an AGC or an adult-only area of an FEC who cannot prove their age.
- Licensees must ensure staff understand their responsibilities for preventing underage gambling and receive appropriate training. They must only accept valid evidence of identification, which includes a photograph and date of birth.
- Licensees must not employ children (under 16s) or young people (16 and 17 year olds) to perform any function in connection with gaming machines. Children and young people must only be employed in AGCs when no gambling is taking place on the premises.
- Licensees should seek to prevent systematic or organised money lending between customers.

Making sure gambling is fair and open

- Licensees must implement fair complaints and disputes procedures. In relation to disputes, licensees must allow complainants to refer their dispute to an independent body or person. Licensees must keep records of complaints and disputes, and provide information to the Commission through the regulatory returns.
- Machines must comply with the Commission's technical standards which include measures to limit continuous and repetitive play.

Keeping crime out of arcades

- Operators and key personnel must be licensed by the Commission. The application process for licences is an important stage in the process of keeping crime out of gambling and making sure that operations are in the hands of those suitable and competent to conduct them.
- Licensees must give the Commission full and unrestricted access to gambling premises and provide any information it requires about gambling facilities and activities.

Financial robustness

- Operators are expected to provide evidence of adequate financing and satisfactory arrangements for control of cash and credit.

The Commission will not hesitate to use its legal powers to prosecute illegal gambling operators and to take tough regulatory action against licensees who fail to comply.