

LA BULLETIN FEBRUARY 2019

News

Raffling big ticket items: prizes, pitfalls and potential risks

We have recently investigated a number of different 'house lotteries' and other high value prize competitions in which members of the public could buy a ticket for a few pounds for a chance to win the home or car of their dreams. Many of these competitions have been run illegally putting entrants at risk so we have [produced some FAQs on house lotteries](#) to help keep consumers safe from unregulated and unlicensed gambling.

Commission, NHS and others in Wales meet to discuss problem gambling

A round table event was chaired by Chief Medical Officer for Wales Dr Frank Atherton and Gambling Commission Chief Executive Neil McArthur.

The latest Commission figures show that around 20,000 people in Wales are problem gamblers and approximately 84,000 are at risk of developing a problem.

Around 30 representatives from organisations including NHS Wales, local authorities, treatment providers and sports bodies met to discuss ways of reducing those numbers. Topics addressed included prevention and treatment services, public health messaging, gambling venues and research.

Bangor University and Public Health Wales have published a report ["Framing a public health approach to gambling harms in Wales: Challenges and opportunities"](#) along with a risk index map to help LAs and industry operators to produce local area risk assessments and to use this understanding of local area risk to protect vulnerable people from harm by developing appropriate policies and procedures.

The Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018

These [Regulations](#), which amend the B2 gaming machine stakes from £100 to £2 were laid in December and will take effect from 1 April 2019. Further communications will be issued prior to April. The changes to stakes on B2 machines will be done via software updates. In order to test that the software is working effectively, it is known that some operators will undertake a soft launch and introduce the reduced stake on a limited number of machines in early March.

Children's exposure to age restricted TV adverts is falling

The Advertising Standards Agency [recent report](#) shows that children's exposure to TV ads for alcohol, gambling and food and soft drink products high in fat, salt or sugar (HFSS products) is declining.

For gambling:

- Children's exposure to gambling ads, relative to adults', has fallen year-on-year from 39% in 2008 to 20% in 2017. That means children see, on average, about one TV ad for gambling for every five seen by adults in 2017
- Gambling ads made up less than 2% of all the TV ads that children saw on average every year between 2008 and 2017; that equates to approximately 65.2 seconds per week
- The majority of TV ads for gambling that children have seen since 2011 are ads for bingo, lottery and scratchcards
- Children's exposure to ads for sports-betting has decreased from an average of one ad per week in 2011 to 0.4 ads per week in 2017

GamCare Quality Mark for gambling operators

GamCare has launched the new [Safer Gambling Standard](#), a social responsibility quality standard for the gambling industry. The Standard aims to drive up overall standards of social responsibility practice across the gambling industry, making gambling safer for consumers. The new accreditation sets out to recognise gambling operators who go above and beyond the requirements of gambling industry Licensing Codes and Conditions of Practice (LCCP), comprising 10 sets of assessment criteria for social responsibility across online and land-based operations.

Feature article

Social or entertainment bingo – a growing phenomenon

It combines bingo games with various other forms of entertainment – themed nights, quizzes and party games. It is normally played in pubs and clubs on an intermittent basis – it is not played every day of the week. The word ‘bingo’ is used somewhere in the title of the event and booking is invariably done online in the first instance.

We have been working closely with a number of LAs in the towns and cities where these have been taking place due to serious concerns about non-compliance with both the statutory regulations as well as wider social responsibility issues. Where appropriate we have also taken action against the operator of the event. In general terms the important dividing line is those who offer the events without a Commission bingo operating licence and those who hold the licence.

Exempt gaming in an alcohol licenced premises without an operating licence

The requirements are as follows:

1. Bingo can only be offered within an alcohol-licensed premises.
2. No profit can be made from the bingo itself. This means they cannot charge a fee for participating in bingo - nor can they take a cut from either the money paid to play bingo (stakes), or from the prize amounts awarded.
3. It must be possible for bingo players to gain entry to the premises without paying an admission fee. This is because admission fees to premises where bingo takes place are treated as participation fees i.e. profit.
4. All stakes for bingo games must be returned as prizes. So, if they raise £500 in total from all bingo players, they must return the whole £500 in prizes.
5. The maximum stake they can charge is £5 per person per game.
6. The chances of winning a prize must be equally favourable to all players.
7. The operator can't link up the bingo games with other bingo games taking place on a different set of premises.
8. No under 18s can be allowed to play. They must have controls in place to prevent underage gambling.
9. 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.
10. They must notify the Commission - and may need to apply for an operating licence - if the bingo involves more than £2,000 in stakes, or they award more than £2,000 in prizes, in any seven-day period.

Sections 18.12 – 18.15 of the [Guidance to Licensing Authorities](#) (GLA), s281 of the Gambling Act 2005 and the [Exempt Gaming in Alcohol Licensed Premises Regulations 2007](#) which set the controls for this form of gaming to ensure it remains a low stakes and prizes activity

We encourage LAs to monitor pubs, clubs and similar venues for the occurrence of these events and to contact us if you are unsure particularly in relation to 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.

Exempt gaming in an alcohol licensed premises with an operating licence

The requirements are as follows:

1. Details of those who hold an operating licence can be found on [our website](#).

2. There are only two significant differences to the above restrictions:
 - They can exceed the £2,000 7 day period limit on stakes and prizes. However all the other restrictions apply including not making a profit from the bingo, not charging a par fee and no under 18s.
 - They are also able to offer bingo using a Temporary Use Notice (TUN).

Entertainment bingo & TUNs (with a Commission operating licence only)

1. Under a TUN it is required that the gaming is 'intended to produce a single overall winner' although this does not restrict the gaming to only one winner through the course of the tournament.
2. The qualifying rounds may produce winners whose prize is to progress to the next round. However, the event must be structured as a tournament.
3. Cash games during the event are not permitted, and **gaming machines** cannot be made available in reliance on a TUN.
4. The event must be appropriately staffed to ensure compliance with all social responsibility and other requirements.
5. The intended user of the TUN must submit details [on a form](#) prescribed by the Secretary of State
6. The form must be received by the responsible authorities not less than 3 months and one day before the event is due to take place.
7. Further information is available in [Part 14 of the GLA](#), s214-234 of the Act and the [Temporary Use Notice Regulations 2007](#).

Entertainment bingo operators and premises licence applications

We have recently made representations on two bingo premises applications from the 'entertainment bingo' sub sector. Whilst in both cases we had a variety of concerns in relation to the premises applications our main concerns are:

1. Whether it would be clear to potential customers that they were entering a bingo premises.
2. Whether the main purpose of the premises is to offer bingo or what should be ancillary activities such as alcohol or food.
3. Whether the applicant states that they do not wish to take up the associated machine entitlement or not is immaterial – the entitlement cannot be removed.

Whilst we always consider such matters on a case by case basis the Commission's overall position has been set out the [social responsibility code 9.1.2](#).

Gambling Commission advice and guidance

Lottery Ticket Vending Machines (LTVM)

LAs are advised that we have written to a number of pubs and machine suppliers following an investigation into illegal fund raising through LTVMs.

In these cases, operators (both licensed and unlicensed) were offering to install lottery ticket vending machines in public houses on a 'profit share' basis. This tended to involve the absolute minimum of 20% being passed to the society, with the remaining profits (the surplus after the payment of prizes and reasonable expenses) being split between the machine supplier and the premises siting the machine. This is contrary to the Act, which states that it is a criminal offence under sections 260 and/or 261 to use lottery profits for a purpose other than that stated, i.e. the good cause printed on the ticket.

Small society lotteries (registered with their local authority) or large society lotteries (licensed by the Commission) must not be promoted for commercial gain. The funds raised belong to the society and only "reasonable expenses" may be deducted, as dictated by the authorised promoter (the society).

Society lotteries, including those utilising lottery ticket vending machines, must be controlled and promoted by the society (under the terms of their small society lottery registration/Gambling Commission licence) or licensed External Lottery Manager (acting under contract with the society) only.

The pub is acting as a retailer, the machine supplier as a service provider, and the society remains responsible for the lottery. The society must ensure the publican has received the required age verification,

self-exclusion, problem gambling and social responsibility training before siting the machines. It is also imperative that there are policies and procedures in place which have been agreed between the society and publican for cash handling and the reconciliation and banking of ticket sales. If these and the other conditions and legislation are not adhered to, it is likely that the lottery is unlawful. A public house selling tickets for an unlawful lottery could be committing criminal offences.

Further information on LTVMs is available on [our website](#).

Gaming machines in staff canteens

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We have recently received reports of what are in effect staff canteens and staff rooms (for example in supermarkets, railway and bus stations) applying for club machine permits under the guise of a staff social club. Applications are sometimes made by the machine supplier acting on behalf of the social club. The concern is as to whether the social club is genuinely a club for the purposes of the Act and is therefore legitimately able to apply for the permit.

LAs reminded that the applicant must satisfy the definition and requirements of a members' or commercial club, as defined in section 266 and 267 of the Act and summarised in the [members club or commercial club quick guide](#). As an example, in some cases at least, there does not appear to be a proper constitution, rules or membership list available.

Inspection forms updated

The LLEP Crime and Anti Money Laundering checklist has recently been updated. The checklist and all other inspection forms and guidance are available on the [LLEP website](#). Please share the findings of your visits with your compliance manager so that we can continue to build a broad picture of premises' compliance.

Reference materials

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](#).