

**TITLE OF REPORT: OSC Review – The impact of Gambling on the Borough
Evidence Gathering – gambling regulation and the extent
of licensed gambling in Gateshead**

**REPORT OF: Anneliese Hutchinson, Service Director Development,
Transport and Public Protection**

SUMMARY

The Communities and Place Overview and Scrutiny Committee have agreed that it will carry out a review of the impact of gambling in Gateshead as part of the 2016/17 programme.

This first evidence gathering session will focus on the legal framework in place for the regulation of gambling and the types and number of premises licensed for gambling in the Borough.

The views of the Committee are being sought on the evidence presented.

1. Purpose of this session

This is the first in a series of four evidence gathering sessions being undertaken for this review. The purpose of this session is to explain the legal framework in place for the regulation of gambling and to advise on the extent of licensed gambling in the borough.

2. The Gambling Act 2005

The Gambling Act 2005 came into force at the end of 2007 and brought in a new comprehensive system for gambling regulation in Great Britain.

The Act established a dedicated regulator at a national level in the form of the Gambling Commission. The Act however also recognised the potential local impact and importance of gambling and established local licensing authorities to manage gambling locally, in line with local circumstances.

The Act gives local licensing authorities broad discretion to manage local gambling provision including discretion as to the level of fees set to cover the cost of administering the local system of regulation.

The Act provides scope for the Gambling Commission to set an overall direction at national level while leaving local licensing authorities to lead locally.

The overall approach of the Act is to state that gambling is unlawful unless it is permitted by:

- the Gambling Act 2005 in relation to commercial gambling,
- the National Lottery etc Act 1993 in the case of the National Lottery
- the Financial Services and Markets Act 2000 in the case of spread betting

The Gambling Act 2005 establishes two offences - providing facilities for gambling or using premises for gambling without the appropriate permission. Such permission may come from a licence, permit or registration granted under the Act or from an exemption given by the Act. Where authority to provide facilities for gambling is granted, the type of gambling, the means by which it is conducted and the people by whom and to whom it is offered is regulated.

The Act places a legal duty on both the Commission and licensing authorities to aim to permit gambling and use their powers to moderate its impact on the licensing objectives rather than by starting out to prevent it altogether.

The three licensing objectives which guide the way that the Gambling Commission and licensing authorities perform their functions and the way that gambling businesses carry on their activities are:

- preventing gambling from being a source of crime and disorder, being associated with crime or disorder, or being used to support crime
- ensuring that gambling is conducted in a fair and open way
- protecting children and other vulnerable persons from being harmed or exploited by gambling

The Gambling Commission is required to issue guidance to licensing authorities on the manner in which they are to exercise their functions, and the principles to be applied by them in exercising them. Licensing authorities are required to have regard to this guidance.

The Commission also has the power to issue two types of codes of practice, a social responsibility code and ordinary codes which are intended to set out industry best practice. The Act requires licensing authorities in exercising their functions to have regard to the Codes of Practice.

3. The Role and Responsibilities of Licensing Authorities

Licensing authorities are given wide ranging powers and regulatory functions in relation to gambling. These include:

- issuing a statement of licensing policy setting out expectations about how gambling will be regulated in their area
- the power to grant, refuse and attach conditions to premises licences for gambling activities
- the power to review premises licences and attach conditions or revoke them as a result
- to consider notices given for the temporary use of premises for gambling

- to grant permits for gaming and gaming machines in clubs and miners' welfare institutes
- to regulate gaming and gaming machines in alcohol-licensed premises
- to grant permits to family entertainment centres for the use of certain lower stake gaming machines
- to grant permits for prize gaming
- to consider occasional use notices for betting at tracks
- to register small societies' lotteries that fall below certain thresholds
- to set and collect fees

4. The Statement of Licensing Policy

Licensing authorities are required to develop, consult on, and publish a statement of their licensing policy. The statement must set out the principles that they propose to apply in exercising their functions under the Gambling Act 2005. It is expected that licensing authorities will use the policy to set out the local issues, priorities and risks that inform and underpin its approach to local regulation.

The Gambling Act 2005 requires licensing authorities to publish a statement of policy every three years.

Gateshead Council's current policy came into effect on 18 January 2016.

5. The Licensing Framework

The Act creates three types of licence:

- operating licences, which are required by businesses in order to provide gambling facilities lawfully
- personal licences, which are required by some people working in the gambling industry
- premises licences, which are required to authorise premises to provide gambling facilities

The Gambling Commission has responsibility for granting operating and personal licences for commercial gambling operators and personnel working in the industry.

Licensing authorities have responsibility for licensing gambling premises within their area, and for authorising the temporary use of premises for gambling, for issuing permits for a range of gambling activity and machines and registering small society lotteries.

6. Premises Licences

Premises licences are granted by licensing authorities, to existing operating licence holders and may authorise the provision of facilities on :

- casino premises
- bingo premises

- betting premises (including tracks)
- adult gaming centres (AGCs)
- family entertainment centres (FECs)

Applications for premises licences are made to the licensing authority on prescribed forms which require the applicant to detail how the licensing objectives will be promoted and must be accompanied by a plan of the premises. Notice of applications must be published in a local newspaper, displayed outside the premises and sent to responsible authorities (public bodies that are entitled to make representations to the licensing authority including the Gambling Commission, the police, the local safeguarding children board and HM Revenue and Customs).

Licensing authorities are obliged to consider any representations from responsible authorities or interested parties when making decisions about applications. Interested parties may include people living near premises those with business interests that might be affected by an application.

Where no representations are made with respect to an application then the licence will be granted by officers under delegated powers. If representations are made then the licence application will be considered by a Sub Committee of the Licensing Committee.

Existing premises licences may be reviewed by the licensing authority itself or by responsible authorities or interested parties. Review applications are also considered by a Sub Committee of the Licensing Committee.

7. Casinos

Licensing authorities have the role of issuing premises licences for casinos and monitoring these licences. The issue of new casino premises licences is subject to specific legislation which defines in which licensing authority areas casino premises licences may be issued and there is currently no prospect of a casino licence being permitted in Gateshead.

8. Bingo

There are two types of bingo – cash bingo and prize bingo. Cash bingo is the main type of bingo played in commercial bingo premises with a bingo premises licence. Prize bingo is usually also offered in commercial bingo premises between main stage cash bingo games but it is also found in a range of other gambling premises most traditionally in arcades and funfairs.

The holder of bingo premises licences can also make a restricted number of higher stake and prize gaming machines available at the premises.

Bingo is a class of equal chance gaming permitted on alcohol licensed premises and in clubs and miners' welfare institutes with controls in place to ensure that it remains a low stake and prize activity in these settings.

There are currently 3 licensed bingo premises in the borough of Gateshead.

9. Betting

A betting premises licence enables the provision of facilities for betting, by making or accepting bets or by acting as a betting intermediary. There are currently 42 betting premises in Gateshead.

As well as making provision for betting the holder of a betting premises licence can make up to four higher stake and prize gaming machines available subject to category restrictions.

There are currently 42 licensed betting premises in Gateshead.

10. Adult Gaming Centres (AGCs)

AGCs are arcades for adults providing gaming machines with higher payouts than family entertainment centres.

Licensed AGCs are permitted to offer a number of higher stake and prize (Category B) gaming machines and are strictly for over 18's only.

There are currently 11 licensed adult gaming centres in Gateshead.

11. Family Entertainment Centres (FECs)

Licensed FECs are able to offer an unlimited number of lower stake and prize (category C & D) gaming machines. Children are allowed to enter licensed family entertainment centres, but they are only permitted to gamble on category D machines. All category C machines must be located in over-18 areas, that is sectioned off from the category D machines. There are currently 1 licensed family entertainment centres in Gateshead.

12. Gaming machines in gambling premises and other premises

The term 'gaming machine' covers all machines on which people can gamble other than home computers. There are a number of exceptions including skill machines and self service betting terminals.

The legislation defines four categories of gaming machine, A,B,C and D according to the maximum amount that can be paid for playing the machine and the maximum prize it can deliver and describes number and categories of machine that are permitted in each type of gambling premises.

Pubs and other alcohol licensed premises are automatically entitled to two category C or D gaming machines upon notification to the licensing authority of their intention to make gaming machines available for use. Currently 145 such notifications have been made in Gateshead. Licensing authorities can issue gaming machine permits which allow additional category C and D gaming machines to be provided. 13 such permits have been issued in Gateshead.

Family entertainment centres (FECs) are most commonly found at seaside resorts, in airports, and at motorway service centres. FECs cater for families, including unaccompanied children and young people. As described above Licensed FECs are able to offer an unlimited number of lower stake and prize (category C & D) gaming machines.

Unlicensed FECs are able to offer category D machines if they obtain a gaming machine permit from their local licensing authority. Any number of category D machines can be made available with such a permit (subject to non-gambling considerations, such as fire regulations and health and safety). Three such permits are currently issued in Gateshead.

Club gaming permits and club machine permits granted by licensing authorities allow the provision of no more than three gaming machines in total in clubs and miners' welfare institutes. One club gaming permit and 40 club machine permits have been issued in Gateshead.

13. Other permits

Prize gaming is gaming where the nature and size of the prize available is not determined by either:

- the number of people playing
- the amount paid for, or raised by the gaming.

Prize gaming permits can be issued by licensing authorities, to those who would like to run prize gaming from a premises they occupy, or plan to occupy, if the premises does not already have an existing premises licence or a club gaming permit. There are currently no prize gaming permits issued in Gateshead. Club gaming permits, described above, also allow equal-chance gaming (for example, poker) and games of chance (for example, pontoon, chemin-de-fer) under certain restrictions.

14. Small Society Lotteries

Society lotteries are lotteries promoted for the benefit of a non-commercial society. A society is non-commercial if it is established and conducted:

- for charitable purposes
- for the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity
- for any other non-commercial purpose other than that of private gain.

A small society lottery:

- does not have proceeds that exceed £20,000 for a single draw
- does not have aggregated proceeds from lotteries in excess of £250,000 in any one year.

Small society lotteries do not require a licence but must be registered with the local authority in the area where the principal office of the society is located. Details of registration requirements and procedures should be available from the licensing department of the relevant local authority.

There are currently 82 registered small society lotteries in Gateshead.

15. Further evidence gathering sessions

The next evidence gathering sessions will focus on local and national concerns about gambling and will include evidence and observations from local and national regulators, operators, trade bodies, treatment providers, charities and public agencies.

There will also be an exploration of developing research evidence on gambling related harm and a review of recent developments and best practice and how it can be used in Gateshead to minimise gambling related harm.

16. Recommendation

It is recommended that the Committee gives its views on the evidence presented.