

DRAFT GAMING BILL

- The Government published further clauses of a draft Gaming Bill for public consultation on 19th November. At the same time, it has published a policy document on gambling reform. These outline initial plans for a wholesale reform of the law and describe the main features of the new regulatory system the Government proposes should govern the provision of commercial gambling.
- Not all of the clauses of the draft Bill have been published, however. In particular the key clauses relating to the regulation of gaming machines in pubs and bars are missing. The précis of the clauses of the draft Bill set out below therefore has some significant gaps, and references to gaming machines should not necessarily be taken to mean that the provisions will apply to pub machines. Where further details are known from discussions with officials, these have been included but do not represent a definitive guide to the new regime for pub machines.

Regulatory Regime

- The draft Bill will replace all existing gaming legislation, consolidating it into one new Act. It introduces for the first time a clear set of statutory objectives for the licensing and regulation of gaming: prevention of crime and disorder; protection of children and vulnerable adults; and fairness and openness in gambling transactions. As with liquor licensing, these objectives will form the basis for any licensing decisions.
- All gambling will be unlawful unless it is expressly permitted under the new Bill and unless it is specifically licensed. A new three tier licensing regime will be introduced for organisations whose primary purpose is gambling. This provides for the licensing of gambling companies, specified individual staff and also premises. Gaming machines are regulated separately by means of permits issued by the local authority.
- A new regulator for gambling - the Gambling Commission - will be established. This will replace the Gaming Board and be the licensing authority for all gambling operators and specified categories of gaming staff. It will issue formal guidance and advice to local authorities on applications for licences and gaming machine permits.
- There will be right of appeal against all Commission decisions on both law and merits to a new Gambling Appeals Tribunal and further to the Crown Court. Premises licence appeals – including permit decisions - will be heard in the Magistrates' Court. A range of sanctions will be available.

Gaming Machines

- Under the new regime, those who manufacture, sell, supply or maintain gaming machines will be required to hold an operating licence under the new regime and will be regulated by the Gaming Commission.
- There will be a new system of classifying gaming machines. The definition of a gaming machine will be broadened to take account of modern technology and in particular the betting on virtual events through Fixed Odds Betting Terminals.
- The precise details of these categories and definitions are not included in the Bill itself and will be set out in separate secondary legislation (not yet published). Secondary legislation will also cover methods of payment, means of receiving prizes, prize rollovers, the proportion of stake to be returned as prizes and the display of info

- The accompanying policy document and previous discussions with officials have given some indication of the likely categorisations of machines.
 - *Category A*: unlimited stakes and prizes located only in casinos
 - *Category B*: jackpot machines, including FOBTs, with maximum stake £1 and maximum prize £500 in clubs, bingo clubs, betting shops or adult gaming centres
 - *Category C*: gaming machines with maximum stake of 50p (increased from current 30p) and maximum prize of £25 (as at present) in the above premises and also pubs
 - *Category D*: amusement with prizes with maximum stake of 10p and maximum prize of £5 cash or non-cash in any outlet subject to the grant of a permit.
- The Gaming Commission will determine into which category certain types of machines fall, and will keep the number of categories and other aspects such as maximum stake and prizes under review. The Commission will also issue statutory codes of practice prescribing requirements for the location and control of machines within premises. No further details on this are available at present aside from the fact that they must deal specifically with the relevant licensing objectives, such as access by children. This is a key area of concern and could lead to unduly onerous or restrictive conditions being applied at a local level. Some parties have been pressing for roped off areas.
- Premises already licensed for gaming eg casinos, bingo halls and betting shops will have an automatic entitlement to use a specified number of machines as a consequence of their operating licence. Other non-gambling premises will be required to apply for permits.
- The detailed procedures for licensing gaming machines in pubs will be set out in clauses to be published in due course. These are likely to provide for 2 permits to issued automatically as part of the alcohol licensing process. A hearing would be required if more than 2 permits were applied for. Officials have stated that grandfather rights will apply to existing machine permits on transition.

Bingo in Pubs

- Further draft clauses yet to be published will deal with other gambling activities which may be carried out in on-licensed premises, particularly bingo. Pubs and clubs wishing to provide bingo will have to apply to the Gaming Commission for an additional bingo operators licence if they have had any period of 7 days in which either the stakes or prizes involved have totalled £1000 or more.

Children and Young People

- The Bill will contain a new ban on gambling by under 18s which will also extend to gaming machines except those with the lowest stakes – category D machines – where no minimum age will be specified. This is a significant change from the present regime.
- Anyone under the age of 18 will not be allowed to perform any function involving gaming machines as part of their employment eg paying winnings if the machine does not have sufficient funds to cover them or interfering with the machine in any way.

Regulation of Other Forms of Gaming

- Those premises whose primary function is gambling, will see a general relaxation in their regulatory regime. They will no longer have to prove unmet demand, the 24 hour membership rule will be scrapped and advertising regulations will be relaxed. As a result, pubs will see an increase in competition.