



# **GAMBLING ACT 2005**

## **MEDIA FACT PACK**

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## MEDIA FACT PACK: GUIDE TO THE GAMBLING ACT 2005

The Gambling Act 2005 is legislation designed to govern all forms of gambling apart from the National Lottery and spread betting. It replaces nearly all of the existing gambling legislation including: the Betting, Gaming and Lotteries Act 1963, the Gaming Act 1968 and the Lotteries and Amusements Act 1976.

Gambling reform began with the independent *Gambling Review Report* published by Sir Alan Budd in July 2001. This report was commissioned by the Government in the face of emerging new technology such as the internet and a need to ensure that the law kept pace.

In response to Budd's report the Government published a White Paper in March 2002, *A safe bet for success*. This then led to the publication of a draft *Gambling Bill* in 2003.

The draft Gambling Bill went through pre-legislative scrutiny by a cross party Joint Committee of MPs and Lords before being introduced to Parliament as the Gambling Bill in 2004.

The Gambling Act received Royal Assent in April 2005 and on 1<sup>st</sup> October 2005 the Gambling Commission was established. Since then, around 65 pieces of secondary legislation have been laid after due consultation with industry, local authorities and other stakeholders. The Gambling Commission has also published licensing conditions, codes of practice and other guidance. The Act comes into force on 1 September 2007.

### **What does it do?**

The Gambling Act is underpinned by three key licensing objectives - to ensure that gambling is:

- fair,
- free from crime; and
- that children and other vulnerable people are protected from being harmed or exploited by gambling.

To secure these objectives, the Gambling Act establishes a tough new licensing regime to regulate gambling . Gambling operators must secure the necessary licences. Those that fail to promote the licensing objectives are subject to various sanctions and can have their licence revoked.

There are three types of licence under the Gambling Act:

- Operating – issued by the Gambling Commission for individuals or companies providing facilities for commercial gambling, including remote gambling.
- Personal – issued by the Gambling Commission for people performing key management or operating functions in which they could influence the outcome of gambling.
- Premises – issued by Local Authorities for every premises where gambling activities may take place.

The Gambling Act also establishes a number of permits for small scale gambling, or for businesses who offer gambling as an ancillary activity, such as fruit machines in pubs.

Rules will be enforced by around 50 Compliance Managers from the Gambling Commission and around 1500 local enforcement officers who as part of their duties will visit premises to ensure rules are being enforced.

### **A new regulator**

The Act creates a new regulator for gambling, the Gambling Commission, which replaces the old Gaming Board for Great Britain. All gambling operators based in Great Britain will have to be licensed by the Gambling Commission.

Sectors covered include:

- casinos;
- bingo;
- gaming machines;
- arcades; and
- lotteries.

And for the first time:

- remote gambling; and
- betting

The Commission will have powers to:

- investigate;
- prosecute;
- fine; and
- revoke the licences of operators or staff who fail to comply with the law.

The Gambling Commission is responsible for the granting, monitoring and enforcement of operating and personal licences. It also has a broader responsibility for tackling illegal gambling activity.

### **Licensing authorities**

The Gambling Act transfers all responsibility for licensing gambling premises in England and Wales from Licensing Justices to licensing authorities – usually the local authority. Licensing authorities will be responsible for granting premises licences, including attaching appropriate conditions, as well as a number of different permits for low level gambling in premises such as clubs and pubs. In Scotland, responsibility falls to local authority licensing boards.

As with the Licensing Act 2003, each licensing authority is required to establish a licensing committee made up of local councillors in order to carry out their functions. This will provide local residents with greater say and democratic accountability about gambling within their community.

When an application for a premises licence is made, external parties, such as residents, the police or environmental health, may make representations about the application. The licensing authority can consider all relevant representations and other factors, at a hearing before making its final decision. However, unlike the Licensing Act, the licensing authority itself can challenge an application as one of several organisations designated as “responsible authorities”.

In making its decision on an application, licensing authorities can impose flexible sanctions such as restricting hours of operation, requiring extra staff and limiting gaming machines to ensure that the specific issues or concerns of their community are adequately provided for.

The Act also makes it easier for licensing authorities to act in the interests of local residents. Local residents or responsible authorities can seek a review of a licence for any particular premises.

### **Social responsibility**

New social responsibility requirements will mean operators have to put in place the following procedures

- proactively preventing underage gambling;
- prominently displaying clear information about responsible gambling and how to get help for problem gamblers; and
- contributing to problem gambling treatment and research, education and public awareness.

Those who don't could face prosecution, fines or removal of their licence:

### **Remote gambling**

It is currently legal for online betting operators to operate from the UK but not gaming operators (gaming includes games like Blackjack, Roulette and Poker).

The Gambling Act will allow remote gaming operators to be based in, and regulated by, Great Britain for the first time. This means they will be subject to new rules requiring them to subscribe to tough new protections including contributing to problem gambling treatment and introducing better age checks. For more information on changes see the Remote Gambling fact pack.

### **Casinos**

There are currently 142 casinos operating in Great Britain (including one card club). The Gambling Act removes a number of restrictions on existing casinos such as the 24 hour rule, requiring people to join a day in advance of taking part in gaming, (this was removed on 1<sup>st</sup> October 2005). This brings casinos into line with bookmakers and online gambling sites which have no such restrictions.

From 1 September 2007 people wishing to enter a casino will no longer be required by law to be members of that casino. Under money laundering rules they will, however, have to prove their identity if they want to gamble more than 2,000 euros

Casinos already established under this Act will remain in operation but they will be required to abide by new requirements on social responsibility.

The Act also allows the introduction of three new types of casino: one regional, eight large and eight small. The three new categories of casino will be defined by size and will have restrictions on the types of gambling offered and limits on the numbers and types of gaming machines.

Following a lack of consensus in Parliament, Government is currently reflecting on the merits of a regional casino and looking at alternative forms of regeneration. The Secretary of State for Culture, Media and Sport has written to the 16 local authorities awarded a small or large casino to ascertain whether they still wish to licence a casino in their area.

For more information see the Casino fact pack

### **Betting**

Under the 1963 Act, bookies permits and premises licenses were obtained from the local magistrate. Now bookmakers will require an operating licence from the Commission, as well as a premises licence from their local licensing authority.

If a bookmaker fails to meet the three licensing objectives of the Gambling Act, the Gambling Commission can refuse them a licence or remove their licence. A licensing authority can also review a licence if it has received complaints or has concerns of its own. Bookies will also be subject to inspections by local authority officers.

Licensed betting operators – in shops or online - will have a number of conditions imposed on them for the first time. Failure to meet these conditions could mean they lose their licence or are fined. For example, bookies will have to:

- display prominently clear information about responsible gambling and how to get help for problem gamblers
- train staff to identify and help customers who may be affected by problem gambling.
- ensure key personnel are licensed by the Commission so that only those who are suitable and competent are involved in running the business.
- include rules on the voiding of bets, late bets, maximum payout and treatment of errors, any charges made to customers for the use of betting services and the treatment of withdrawals and non-runners.
- implement a fair complaints and disputes procedures and keep records of disputes for the Gambling Commission provided through quarterly returns.
- have in place anti-money laundering procedures.

The Gambling Act also tightens the rules in regards to cheating, bringing in a maximum two year jail sentence as punishment for cheating at gambling. The Gambling Commission will have powers to suspend and void unfair bets and will require bookmakers to share information with sports bodies as a licence condition.

Under the Act betting shops will be able to adopt their current summer opening hours of 7am to 10 pm all year round, at the discretion of Local Authorities.

### **Advertising**

The Gambling Act reforms the rules on gambling advertising, which are currently inconsistent across different sectors. For example, bookmakers are allowed to advertise in newspapers but casinos are not. Some operators will have new opportunities to advertise, but within a tightly regulated regime.

The Advertising Standards Authority, Gambling Commission and OFCOM, will oversee strict advertising codes that will act in the interests of children and bar advertisers from:

- encouraging irresponsible or excessive gambling;
- seeking to harm or exploit children, the young, or other vulnerable persons;
- directing advertisements at those under 18; or
- featuring people who seem to be under 25.

The gambling industry has also developed its own social responsibility code of practice that includes:

- signposting the [gambleaware.co.uk](https://www.gambleaware.co.uk) website on adverts;
- a ban on gambling advertising on children's replica sports kits; and
- a ban on gambling broadcast advertising before the 9pm watershed, with the exception of sporting events.

There will also be a ban on gambling advertising from poorly regulated countries outside the European Economic Area.

For more information see the Advertising fact pack

### **Gaming in pubs and clubs**

It is illegal for pubs and clubs to run traditional gaming such as roulette and blackjack where the player bets against the 'house' or 'bank'. This will remain the case. However pubs and clubs are (and still will be) able to offer equal chance gaming such as poker (where people game against each other and not the house), subject to strict new statutory conditions, including certain monetary limits.

The Act sets explicit limits for the first time, restricting poker played in pubs to a maximum stake of £5 per person per game, and a daily premises-based limit on stakes and prizes of £100. Clubs will also be limited to a stake of £10 per game, with aggregate limits on stakes and prizes of £250 per day and £1000 per week.

### **Gaming machines**

The Act introduces new technical standards, licence conditions and codes of practice which those who manufacture, supply, maintain, repair or operate gaming machines will have to comply.

Four new categories of gaming machine, A to D, have been introduced by the Act. The categories and numbers of machines permitted will depend on the type of premises at which they are provided.

The Gambling Act removes approximately 6,000 fruit machines from premises such as take away food shops, minicab and taxi offices, and other unlicensed premises where children could play them unsupervised. Licensing authorities have been unable to issue permits for gaming machines in these types of premises since July 2006. Since the permits run for three years, all machines will be phased out by July 2009, as existing permits expire.

For more information see the Gaming Machine fact pack

### **Bingo**

The Gambling Act removes a number of restrictions on bingo halls including the requirement for people to join 24 hours in advance of taking part in gaming. This brings bingo halls into line with bookmakers and online gambling sites that do not have such restrictions.

From 1 September 2007 people wishing to enter a bingo hall will no longer be required by law to be members. There will also be changes to the rules around prizes. Bingo halls will no longer be required to return all stakes as prizes allowing them to keep some money behind to offer rollover prizes.

Clubs and pubs will be able to provide bingo without the need for a licence or permit under the Gambling Act. However, where aggregate weekly stakes or prizes exceed £2000 more than once in any twelve-month period, a Gambling Commission operating licence will be required.

Bingo will also be permitted in the one regional and eight large casinos if they have a bingo operating licence.

### **Lotteries and Prize Competitions**

The Gambling Act 2005 clarifies the differences between lotteries and prize competitions and free draws. This distinction had been unclear under the previous

legislation leading to some prize competitions effectively being run as unregulated lotteries.

Under the new Act lotteries, are defined as games of chance where players pay to enter and winners are selected by chance. They must also give a proportion of the money generated to good causes. This differs from prize competitions, where success depends on the participants using their skill, judgement or knowledge, and free draws, where there is no payment to enter.

The Gambling Commission is responsible for regulating all large society lotteries and monitoring the boundary between these and prize competitions. It has issued guidance to clarify the appropriate level of knowledge or skill required for a prize competition not to be considered a lottery. Under this guidance a genuine prize competition requires enough skill or knowledge that a **significant** number of people will be deterred from entering or, if they do enter, a significant number would not receive a prize.

The Gambling Commission is continuing to talk with the industry on the boundaries between lotteries, prize competitions and free draws. See [http://www.gamblingcommission.gov.uk/client/news/pressrelease\\_detail.asp?id=33](http://www.gamblingcommission.gov.uk/client/news/pressrelease_detail.asp?id=33)

### **Spread Betting and the National Lottery**

Spread Betting and the National Lottery will continue to be regulated by the Financial Services Authority and the National Lottery Commission respectively. These regulators liaise with the Gambling Commission on matters of shared interest, as appropriate.

DCMS Press Office

For further information contact the DCMS press office on 020 7211 6263/6931/6971.