

Gambling Act 2005: Introductory note on implementation

Purpose

1. This note sets out the Government's initial thinking about the implementation of the Gambling Act 2005. It seeks to provide a broad overview of the areas of activity that will be required to implement the Act, and the key target dates we will be working to. It is issued on behalf of the Department for Culture, Media and Sport (DCMS) and the Scottish Executive. It describes:

- Some background to the Act;
- The broad areas of work necessary to achieve its successful implementation, and who will lead that work; and,
- Some proposals for how DCMS in particular proposes to maintain regular consultation and discussion with interested parties.

Background

2. When implemented, the Gambling Act 2005 will replace most existing gambling law. It will extend to the whole of Great Britain, but not generally to Northern Ireland. It puts in place an improved, more comprehensive structure of gambling regulation, and creates a new independent regulatory body, the Gambling Commission.

3. The rationale for the regulation of gambling is set out in the Act's three licensing objectives. The licensing objectives explain what is sought through the statutory control of gambling. They also provide the standard by which licensees and others can judge the proportionality and effectiveness of regulatory action. The objectives are:

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

4. The new system is based on tri-partite regulation by the new Gambling Commission, licensing authorities and by the Government.

5. The Gambling Commission will be independent of Government. It will issue operating licences to providers of gambling and personal licences to certain personnel in those operations. Its remit will encompass most of the main forms of commercial gambling, including casinos, bingo, betting, gaming machines, pool betting and the larger charity lotteries. It will license providers that operate premises and those that offer gambling through 'remote' technologies, like the Internet and mobile telephones. The Commission will not license or regulate either the National Lottery or, for the time being, spread betting, which will remain, respectively, the responsibility of the National Lottery Commission and the Financial Services Authority.

6. The Commission will have extensive powers over its licensees. It may impose conditions on licences and issue codes of practice about how those conditions can be

achieved. Where licence conditions are breached, various sanctions are available. Administrative sanctions include warnings, suspension and revocation of licences and the imposition of unlimited financial penalties. Criminal sanctions will be fines or imprisonment. There will be an Independent Gambling Appeals Tribunal that will consider appeals about licensing decisions.

7. Licensing authorities (in England and Wales, local authorities, and in Scotland, Licensing Boards) will license gambling premises and issue a range of permits to authorise other gambling facilities in their locality. Authorities will be independent of Government and the Gambling Commission, but in the exercise of their functions they must have regard to guidance issued by the Commission. Authorities will have similar regulatory powers to the Commission with respect to their licensees, including powers to impose conditions, but they will not be able to impose financial penalties.

8. The Government has responsibility for setting various rules on how gambling is conducted. For example, it will make regulations defining categories of gaming machine. Powers are also available for the Government to set licence conditions on operating and personal licences, and for the Government, in England and Wales, and the Scottish Executive, in Scotland, to set conditions on premises licences. In some cases licensing authorities will be able to alter these central conditions.

Steps toward implementation

9. DCMS, the Gambling Commission and the Scottish Executive have specific responsibilities under the Act. We are each committed to working in a co-ordinated fashion, without compromising the independence of each, during the period of transition and when the Act is fully in effect. We are also all committed to working in an open, consultative fashion with all sections of the licensed industry and prospective licensees, licensing authorities and their representative bodies, other Government Departments and regulatory authorities, trade unions, consumer groups and the range of organisations concerned with the social and local impact of gambling (including, for example, faith groups and problem gambling charities).

10. At this point, we are each working toward the third quarter of 2007 as the target date for full implementation of the Act. There is much work for us, authorities, stakeholders and interested parties to do if that target date is to be achieved. The main tasks on the agenda are as follows:

- **The Gaming Board will become the Gambling Commission, relocate to Birmingham and develop its approach to regulation.** The Commission will be established in autumn 2005 and will have a presence in Birmingham from early 2006 becoming fully operational by mid to late 2007. From late 2005, the prospective Commissioners plan to develop and consult formally on the main aspects of the new regulatory structure – including their policy on licensing and regulation, the conditions that should attach to operating and personal licences, the codes of practice and also their guidance to licensing authorities. The Commission then hopes to invite applications for operating and personal licences from late 2006, and aim to grant licences during 2007. The likely effective date for the new licences and the end of existing licences is the third quarter of 2007.

- **Government and the Scottish Executive will consult upon and then seek Parliamentary approval for the secondary legislation necessary for the efficient working and full implementation of the Act.** The Act provides a structure of powers for the Government and the Scottish Executive to make secondary legislation. The powers deal with a range of issues. Some concern purely administrative questions, like those dealing with the form of licences and procedures for the notification of applications. They include arrangements for the Independent Gambling Appeals Tribunal. There are powers to set fees, which are exercised by the DCMS and the Scottish Executive. There are also a range of powers which deal with matters of detailed definition – addressing technical matters or holding a power in reserve if, for example, the Gambling Commission recommends some additional action.

DCMS will produce a timetable for the development and consideration of the necessary statutory instruments. The final number necessary will probably total at least several dozen. DCMS and the Scottish Executive will wish to consult widely about the content of secondary legislation. We will both consider carefully how best to consult, and this may well involve a number of short life working groups and a variety of written consultations on more detailed or more minor matters.

- **DCMS, the Scottish Executive and the Gambling Commission will work with licensing authorities to enable them to be ready to take on their responsibilities under the Act.** DCMS, the Scottish Executive, the Gaming Board and representatives of local government are working together already in a premises licensing group to prepare licensing authorities for their new responsibilities under the Act. Discussions and planning have so far focussed on how to establish fee structures and training necessary for licensing staff. In due course, licensing authorities will become involved and consulted as the Gambling Commission leads the development of its guidance to licensing authorities about the exercise of their functions under the Act. Authorities will want to consider this guidance in the preparation of their own licensing policy. DCMS will work with the Executive, the Commission and authorities to agree a timetable for commencement of the new arrangements. For the moment, initial discussions have led to an indication that January 2007 will be the time when licensing authorities should be planning to accept applications for premises licences.
- **DCMS will establish an independent advisory panel that will provide advice to the Secretary of State about which licensing authorities should have power to issue premises licences for new small, large and regional casinos.** The Act provides for 1 regional casino and 8 each of small and large. An independent panel will be established to assess which licensing authorities should have power to invite applications for these premises licences, and what number (if more than one) each licensing authority should have power to issue. Appointments will be made through an open selection process. It is expected that the advisory panel will be in place in the second half of 2005. It will be for the panel to decide its methods of working, although DCMS will provide it with secretarial support, if desired. The panel will probably consult with a wide range of interests and will, in particular, take note of the conclusions of the regional planning bodies. We expect the panel to make

recommendations to the Secretary of State late in 2006. Thereafter, the Secretary of State will consult with the Scottish Executive and the Welsh Assembly Government before making recommendations to Parliament. If Parliament approves the licensing authorities proposed by the Government, applications for casino premises licences will be able to begin.

- **DCMS and the Gambling Commission will begin a new programme of research into the prevalence of gambling and problem gambling, and its causes, in concert with the efforts of the Responsibility in Gambling Trust (RiGT).** During the consideration of the Gambling Bill, the need for an expanded programme of research was noted by many commentators and all political parties. Indeed, it is essential for the effective combating of problem gambling that work begin, in all areas of concern, to expand and deepen the base of evidence and knowledge from which better judgements about policy options can be made. The Responsibility in Gambling Trust (RiGT) will lead the way in exploring the causes of problem gambling and developing more effective approaches to its avoidance and treatment. DCMS will be developing a programme of its own contracted work. The Commission will undertake regular nationwide studies of gambling and problem gambling prevalence, which will help to provide a baseline of information from which it will be possible to assess the impact of the Gambling Act.

Detailed timetables and arrangements for consultation and involvement

11. The agenda described above is clearly only an overview of the range of work needed to implement the Act. DCMS, the Gambling Commission and the Executive will produce detailed plans for implementation early in the Autumn.

12. DCMS and the Scottish Executive intend that the Act will be implemented in an open, consultative fashion that ensures all with an interest are well informed and involved appropriately. In addition, while implementation will be achieved by a number of independent bodies, leading different parts of the process, we are all committed to co-ordinating our actions and maintaining a high level of communication between ourselves and with all the stakeholders.

13. In terms of the transition to the new Act, we are committed to ensuring that everyone knows in good time exactly what they have to do and when.

DCMS discussion groups

14. As we move into the new era of gambling regulation, the role of DCMS will change. During the process of developing the Bill and its consideration by Parliament, DCMS clearly played the leading role in policy development, consultation and advice to Ministers. When the Gambling Commission is established and the new regime is in effect, the Commission will become Ministers' primary and authoritative source of advice on gambling regulation. DCMS' role will become more strategic, advising Ministers on the overall impact of all of the new arrangements and their interaction with other aspects of Government policy, as well as the use of Ministers' powers under the Act.

15. To assist it in performing this role, DCMS intends to maintain its existing discussion and working groups. They are the:

- Social impact group – which considers the overall impact of gambling policy and gambling activity on social issues – particularly in relation to issues connected with problem gambling;
- Premises licensing group (and associated transition and training and fees groups) – which assists licensing authorities in their preparation for their licensing functions under the Act; and,
- Industry liaison group – to enable industry representatives to reflect on the broader picture and consider issues of sector wide interest and allow DCMS to report and explain relevant developments in other areas of Government.

16. Some of these groups, like the premises licensing group, will have defined work streams to progress. Others, like the social impact group and the industry liaison group, provide a forum for reflection and consideration of the wider environment. None will duplicate the work being undertaken by the Commission or the Scottish Executive, and, needless to say, both the Commission and the Scottish Executive will be invited to be members of each DCMS group.

Regulation of gambling during the period of implementation

17. There will be a reasonable period before the Gambling Act comes fully into effect. During this period, all of the existing arrangements for the regulation of gambling will continue to have effect in full. We will make announcements in due course, after consultation, about how applications under the existing legislation will be dovetailed into the commencement of the new system. The Government will also give effect to the proposals already announced for the automatic conversion of some entitlements under the existing legislation, and will provide details of this in due course.

Department for Culture, Media and Sport
The Scottish Executive

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KEY TARGET DATES

October 2005	Gambling Commission established Commencement of changes to Gaming Act 1968 for casino and bingo premises
From March 2006	Key draft Statutory Instruments on operating and personal licences to be published for consultation
May 2006	Gambling Commission to publish guidance for licensing authorities
June 2006	Gambling Commission to publish licence conditions and codes of practice
Late 2006	Gambling Commission will start to invite applications for operating and personal licences
January 2007	Licensing authorities will accept applications for all licences and permits
September 2007	Old legislation repealed Operating, personal and premises licences and permits come into effect Commencement of remaining provisions of the Act, as required