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**Report of the  
GAMING BOARD FOR  
GREAT BRITAIN  
1989/90**

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# Report of the Gaming Board for Great Britain 1989/90

Presented pursuant to Act Eliz. II 1968 c. 65 s. 50

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### Previous Reports

1988—H.C. 461 (1988-89)  
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1985—H.C. 390 (1985-86)  
1984—H.C. 443 (1984-85)

MEMBERS OF THE GAMING BOARD FOR GREAT BRITAIN IN 1989/90

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MR W N HUNTER SMART CA

LADY IBBS JP

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ANNUAL REPORT OF THE GAMING BOARD FOR GREAT BRITAIN

To:

Her Majesty's Secretary of State for the Home Department,

and

Her Majesty's Secretary of State for Scotland

In pursuance of section 50 of the Gaming Act 1968 I have the honour to present the twenty-first report of the Gaming Board for Great Britain covering the period 1 April 1989 to 31 March 1990.

NORMAN A WARD-JONES  
Chairman

1 June 1990

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# 1 Introduction

1. This is the Board's twenty-first Annual Report since it was established by the Gaming Act 1968 and the system of statutory regulation of gaming came into existence. The objectives of that system were to keep criminals and potential criminals out of gaming, to cut out excessive profits and to ensure that gaming is honestly conducted in decent surroundings. These are the objectives which continue to govern the Board's approach to its duties under the Act.

## Composition of the Board

2. This remains unchanged since the last Report. The Chairman, Mr N A Ward-Jones VRD JP was reappointed in May 1989 to serve for a further three year period. The Board welcomes the award of the CBE to Mr Ward-Jones in the New Year's Honours list.

## Contacts with other gaming regulatory bodies

3. Throughout the year the Board has maintained and improved its links with other bodies concerned with gaming around the world. Regulators in each national jurisdiction are finding it necessary to establish close links with their fellows throughout the world in view of the increasingly international nature of gaming. The frequency of contact increases every year as do the number of links with other jurisdictions.

4. As forecast in the last Report, the Gaming Regulators European Forum (GREF) was set up during the year and Mr Ward-Jones was elected as its first Chairman. The Forum includes representatives of European countries both within and outside the European Community. The first meeting took place in September 1989 in The Hague and was attended by the Chairman and Secretary. The Chairman, Board Member Mr Hunter Smart, the Secretary and Chief Inspector attended the second meeting of the Forum in Barcelona in April 1990. These meetings provided an opportunity for a full exchange of information on law and practice and this will be developed in future meetings. The high degree of accord among those present on regulatory matters was a feature of both meetings.

5. Board Member Mr Kavanagh and the Secretary visited the USA and Canada in May 1989 on a fact finding tour. The Head of the Machines Section and Machines Specialist Inspector visited the Netherlands in September 1989 to study gaming machine regulation and testing in that country.

6. Representatives of the industry and regulatory bodies from New Jersey, Nevada, Florida, Texas, The Bahamas, Australia, Holland, New Zealand and Spain visited the Board's offices for discussions during the year.

## 2 General

### Legislation

7. Paragraph 7 of last year's Report referred to a proposed Private Member's Bill to deal with a weakness in the Gaming Act in relation to the acquisition of casinos by share purchase, and the need for additional powers when control of a licence holding casino company is acquired by another company or other legal entity. It was stated that such a Bill might also address certain other matters; and that a working group consisting of representatives from the Home Office, the Board and the British Casino Association had been established to discuss the detailed proposals.

8. The discussions of the working group went ahead in a constructive spirit, and an accord acceptable to all parties was reached. The Gaming (Amendment) Bill (HL) was subsequently introduced by Lord Allen of Abbeydale in the House of Lords in January, and completed its passage through that House on 2 April 1990. It is now in the House of Commons.

9. The Bill seeks to amend certain provisions of the Gaming Act 1968 relating to premises licensed or registered for gaming under Part II of that Act. In particular it would meet the concern which the Board has long felt concerning the acquisition of casinos by share purchase, by requiring an application for the continuance of a certificate of consent (other than a certificate limited to a bingo club licence) to be made to the Board where the certificate is held by a body corporate and there is a change in a controller of that body. A controller is defined as a person who controls the exercise of 15 per cent or more of the voting power at any general meeting of the body corporate or of its holding company. In considering the application the Board may decide to continue the certificate of consent in force, or to revoke the certificate of consent if it appears to the Board that, if that holder were then applying for such a certificate, it would determine not to issue it.

The Bill also seeks to:—

- (a) extend the regulation-making power in section 22(1) of the 1968 Act to enable regulations to be made requiring records of cheque transactions to be available in or accessible from the licensed premises to which they relate;
- (b) empower gaming inspectors and the police, when exercising their powers of inspection, to take copies of any book or document and to require the production of computer-held information;
- (c) introduce fees for certificates of consent issued by the Gaming Board under Schedule 2 to the 1968 Act, and provide for these fees to be payable on application for a certificate;
- (d) require public companies holding licences other than bingo club licences to notify the Board of certain changes in shareholdings; and
- (e) remove the requirement on clubs applying for registration under Part II of the 1968 Act to notify the Board of the application.

10. On 3 April 1989 two Orders relating to licensed bingo clubs were laid before Parliament. These had the effect from 1 May 1989 of:—

- (a) increasing the maximum linked bingo prize from £3,500 to £4,000 (SI 536 and for Scotland SI 623);
- (b) increasing the maximum weekly amount of added prize money from £1,500 to £1,750 (SI 536 and for Scotland SI 623);

- (c) increasing the maximum admission/participation fee from £4.60 to £5 (SI 535 and for Scotland SI 622);
- (d) in Scotland only, increasing the admission/participation fee for any charging period on a Sunday which is shorter than two hours, but not shorter in duration than one and a half hours, from £3.45 to £3.75 (Scotland SI 622).

11. On 27 July 1989, the Lotteries (Variation of Monetary Limits) Order 1989 was laid before Parliament (SI 1218 and for Scotland SI 1214). The Order, which came into force on 1 September 1989, increased the maximum prize and proceeds limits for society and local authority lotteries promoted under schemes registered with the Board and increased the maximum price of a ticket or chance (see paragraph 91).

12. On 5 December 1989, the Gaming Act (Variation of Monetary Limits) (No 2) Order 1989 was laid before Parliament (SI 2190 and for Scotland SI 2249). The Order, which came into force on 1 January 1990, increased the stake and prize limits for amusement-with-prizes machines (see paragraph 57).

### Increase in fees

13. On 8 March 1990 Orders were laid which increased gaming and lotteries fees with effect from 1 April 1990. The new gaming fees are set out in Appendix V. Detail of lotteries fees are given in Chapter 7.

### Accounts

14. The audit of the Board's accounts for 1988/89, carried out by the National Audit Office, made a number of criticisms of the Board's accounting procedures. These procedures had been set up in 1987 and were considered acceptable at the time of the audit of the 1987/88 accounts by the National Audit Office. As a result of suggestions made by the auditors who carried out the audit of the 1988/89 accounts, changes were made to the Board's accounting systems in the course of 1989. The accounts for 1989/90, in the form prepared for audit by the National Audit Office appear as Appendix III to this Report, together with the audited accounts for 1988/89.

15. During the year the Board appointed internal auditors and they completed the first stage of the five year rolling review of the Board's management systems. Their report covered the Board's accounting systems and, as a result of their recommendations, these were the subject of considerable revision over the course of the year. The revised procedures have been reviewed by internal audit, and found to be satisfactory. One major change has resulted in the banking of fees accompanying applications for section 19 certificates on receipt rather than on issue of the certificate. The next review will take place early in 1991.

16. The Board consists of a part-time Chairman and four part-time members. The annual remuneration of the Chairman was £25,075 and each member £10,055. Members' expenses incurred in the financial year 1989/90 were £4,669. As both remuneration and allowances paid to the Board are met by the Home Office and not out of the grant-in-aid, they are not included in the Board's accounts for 1989/90.

# 3 Casino Gaming

## Casino activities

17. Paragraph 18 of both the last two Reports indicated that the periods then under review had seen a significant number of changes in the ownership of casinos in Great Britain, mainly through the purchase of companies holding casino licences. For the third time in succession, we have to report further significant changes by this means.

18. In London, Grand Metropolitan Plc sold in May 1989 London Clubs Limited and its two subsidiaries (six London casinos altogether) to Gamebell Plc, a newly established company. This was, however, a company formed by the former management of London Clubs. In October 1989, Leisure Investments Plc sold the London Park Tower to the Hamblin Group of Companies, whose casino interests at that time were all outside London.

19. In the provinces, Leading Leisure Plc sold in January 1990 all their casino interests, consisting of five companies holding eight licences between them, to Stanley Leisure Organisation Plc. This brought the number of casinos owned by the Stanley Group to 17, making them the operator of the third largest number of casinos in the country.

20. There were other changes in the provinces. In May 1989 the Hamblin Group purchased two companies each holding a licence in Bournemouth; and in June they sold three companies holding licences in Liverpool, Southport and Bolton to Leading Leisure Plc (these casinos subsequently passed to the Stanley Group; see paragraph 19 above). Hamblins also sold their Stockport casino to the Stakis Group in August 1989. Mecca Leisure Group Plc bought a casino in Bournemouth in July 1989, and at the end of March 1990 they had 23 casinos in the provinces and five in London. A group based in Wales, and new to casino gaming, bought in August 1989 Daish's Casino Ltd which holds the licence for a casino in Shanklin, Isle of Wight. As before, none of these transactions required the consent of the Board, and this is a situation which the Board continues to regard as unsatisfactory. It is hoped that the Bill referred to in paragraph 9 will close this loophole during 1990.

21. During the early part of the year the Board continued its investigations into Leisure Investments Plc, following its purchase of the Aspinall Curzon and Barracuda casinos in December 1988. These enquiries centred on the financial standing of the company and the fitness as gaming licensees of the persons by whom and for whose benefit the casinos were being managed or carried on. In November 1989, following the resignation of two directors, a public announcement of the company's intention to dispose of its casino interests, and certain assurances given to the Board as to the timing and terms of the disposal and related matters, the Board decided not to object to the adjourned licence renewal application in respect of the Aspinall Curzon, and the licence was renewed. The situation then became extremely complex and changed frequently. In the absence of a sale of the casinos by the end of the financial year, the Board was again considering an objection to renewal of the licences at the April hearings.

## Demand for casino gaming

22. The board's fundamental stance on this issue has been stated in previous Reports. It remains the Board's view that gaming facilities should fulfil only unstimulated demand, and this is implicit in the 1968 Act. During the period covered by this Report, objections to additional casinos in Cardiff and Leicester were lodged. In both cases the justices refused licences and the applicants did not appeal.

## Number and distribution of licensed casinos

23. On 1 April 1989 the number of casinos operating was 116 but by 31 March 1990, this had risen to 119. A breakdown of these figures by locations is given at Appendix IV.

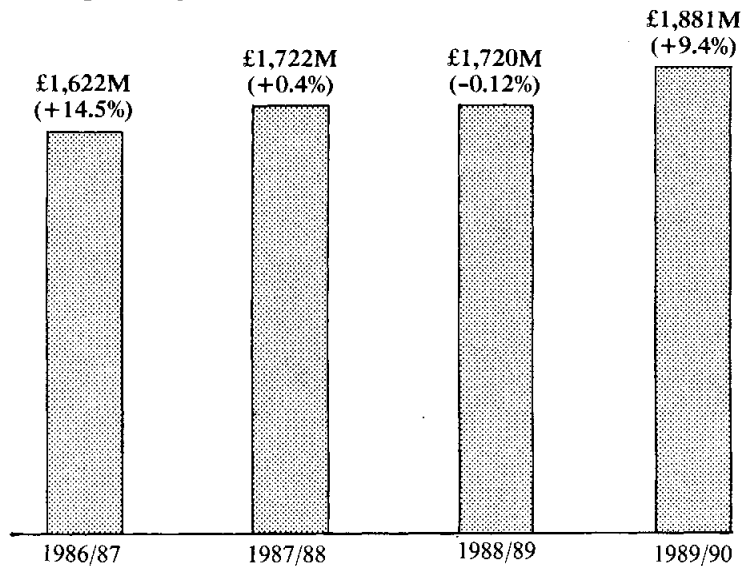
## Financial Performance

24. The total drop (money exchanged for chips) in casinos in Great Britain during the financial year 1989/90 was £1,881 million, an increase of £161 million on the 1988/89 figures. The totals for the last four years are as follows:—

Table 1

DROP STAKED PER YEAR: Overall

(Change from previous year in brackets)



Note on Table 1

The 1988/89 figure shown in the Board's last Report has been adjusted to take account of revised statistical returns which were forwarded to the Board some three months after that Report was published. These show a slight fall in drop on the previous year's figures.

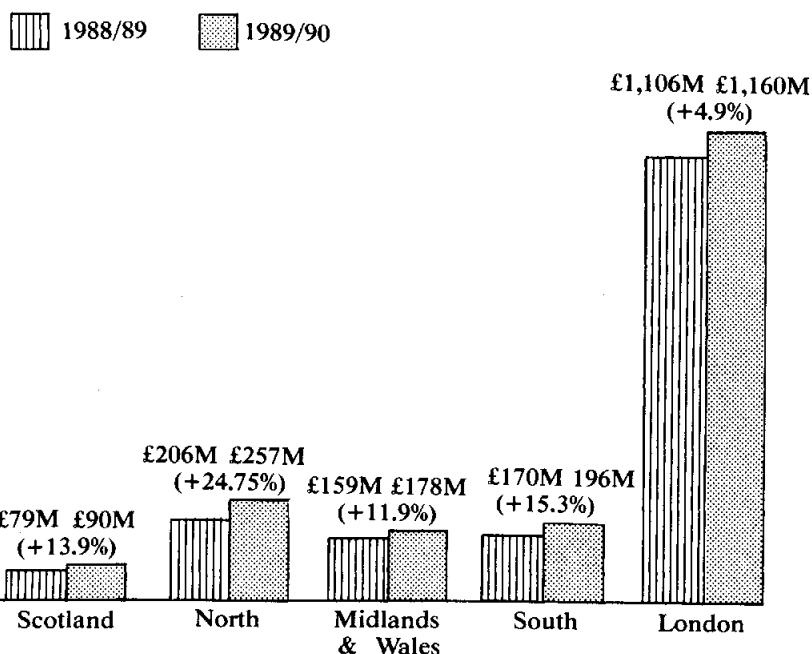
25. The drop in London casinos showed an increase of £54 million for the year, and the provinces continued to produce buoyant figures. About 62 per cent of the total drop produced by the 119 casinos in Great Britain was accounted for by the London casinos, an increase of 4.9 per cent from 1988/89, a fall of 2 per cent on the previous year. For the fourth year running there was a substantial increase in the total figure for the provinces. This rose from £614 million in 1988/89 (not £616 million as shown in last year's Report; see note to Table 1) to £721 million in 1989/90, an increase of £107 million or 17.4 per cent compared with a 15.8 per cent increase in 1988/89 over the previous year.

The drop figures by region were:—

Table 2

**DROP STAKED PER YEAR: By region**

(Change from previous year in brackets)



Note on Table 2

The 1988/89 figure has been adjusted as explained in the note to Table 1.

26. American roulette has maintained its position as the most popular game in terms of money staked with Blackjack once again a poor second. The proportion of money staked on each of the games is shown in Table 3.

Table 3

**STAKES EXPRESSED AS A PERCENTAGE OF THE TABLE DROP**

	1986/87	1987/88	1988/89	1989/90
American roulette	62.4	62.7	64.3	64.7
Punto banco including Baccarat	16.2	17.4	14.8	14.4
Blackjack	19.0	17.5	18.4	18.8
Craps	1.7	1.7	1.6	1.6
French roulette	0.02	0.04	0.05	0.04

Note on Table 3

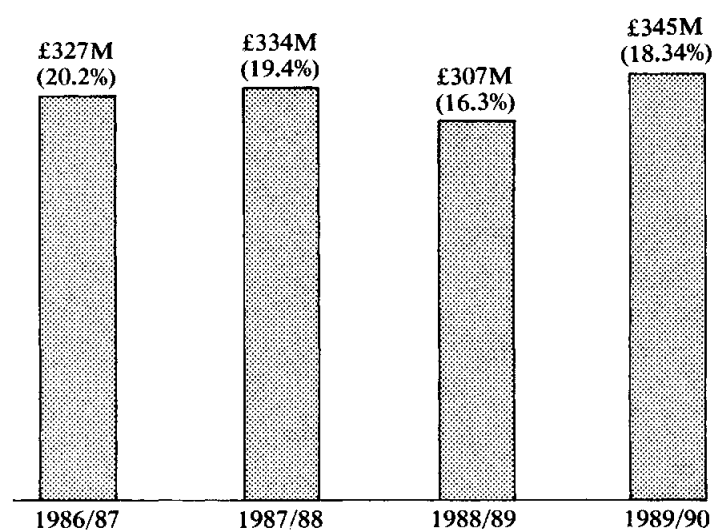
The stake figures for each financial year do not include the unallocated drop received at the cash desk. The total drop figures shown in Table 1, however, do include the latter.

27. Throughout Great Britain there was a £38 million (12.4 per cent) increase in the total amount retained by casinos as the house win. The total sums for house win over the past four years, with the percentage it represents of the drop, have been as follows:—

Table 4

## HOUSE WIN: Overall

(Percentage of drop in brackets)



## Consent applications and the resultant licence applications

28. The number of consent applications received between 1 April 1989 and 31 March 1990 and their determination, and the number and determination of the resultant licence applications during the period, with figures for the preceding twelve months in brackets, were as follows:—

Table 5

## OUTCOME OF CONSENT AND LICENCE APPLICATIONS 1989/90

	England and Wales	Scotland	Totals
<i>Certificates of consent</i>			
Applications made	19 (17)	1 (2)	20 (19)
Applications withdrawn	1 (1)	— (1)	1 (2)
Application outside the permitted area	— (1)	— (—)	— (1)
Applications not determined by 31 March 1990	6 (2)	1 (—)	7 (2)
Certificates issued	12 (8)	— (1)	12 (9)
<i>Licences</i>			
Applications made	13 (12)	— (1)	13 (13)
Applications withdrawn	2 (—)	— (—)	2 (—)
Applications not heard by 31 March 1989	— (2)	— (—)	— (2)
Applications refused	1 (—)	— (—)	1 (—)
Applications adjourned	3 (—)	— (—)	3 (—)
Licences granted	7 (10)	— (1)	7 (11)

## Applications for renewal

29. At 1 April 1989 there were 123 licences in existence including three for casinos which were not operating at that time. The position reached by 31 March 1990 was:—

Licences renewed	115
Licences surrendered	2
Applications adjourned	3

## Transfer of licences

30. The Board received 25 applications during the period 1 April 1989 to 31 March 1990 for consent to the transfer of existing licences. By 31 March 1990 13 certificates of consent had been issued and 12 applications remained to be determined. All but two of the applications were for transfers between subsidiaries of the same holding companies.



## 4 Licensed Bingo

### Size of the industry

31. The number of licensed bingo clubs continues to decline, with a decrease of 4.3 per cent over the period covered by this Report. The table below shows the position as at 31 March 1990. The figures in brackets refer to 31 March 1989. Not all the clubs holding a licence are open for business.

Table 6

NUMBER OF LICENSED BINGO CLUBS

	England and Wales	Scotland	Total
Licensed at 31 March 1990	904 (943)	124 (131)	1,028 (1,074)
Operating at 31 March 1990	854 (895)	124 (127)	978 (1,022)

### The financial trend

32. Statistics provided by HM Customs & Excise show that the amount staked on bingo in licensed clubs from September 1988 to August 1989 totalled £641,460,000. This represents an increase of 2.4 per cent on the previous year, and would seem to indicate that the upward trend of the last three years has slowed. The figures are set out below:—

Table 7

AMOUNT STAKED ON BINGO BY YEAR (with change from previous year)

	Amount staked £ million	Percentage change from previous year
September 1981 to August 1982	469	-0.9
September 1982 to August 1983	493	+5.0
September 1983 to August 1984	497	+0.8
September 1984 to August 1985	496	-0.2
September 1985 to August 1986	517	+4.2
September 1986 to August 1987	556	+7.5
September 1987 to August 1988	626	+12.6
September 1988 to August 1989	641	+2.4

### Bingo duty

33. There was no change in the rate of bingo duty during the year.

### Linked bingo

34. Linked bingo remained popular, with only a small drop in the number of participating clubs from 773 to 752. The limit on weekly prize money was increased to £4,000, with effect from 1 May 1989.

## Morning bingo

35. In July 1988, Regulations came into force which allowed bingo to begin at 10.00 am instead of noon on weekdays and Saturdays. It would appear that morning bingo has had limited success, but that it has proved to be a benefit in seaside and holiday resorts.

## The National Game

36. The National Bingo Game Association Ltd's certificate of approval as organiser of games of multiple bingo was renewed by the Board in June 1989 for a further three year period. The fee for the period was set at £70,000. There are currently 814 clubs participating in what is being promoted as "Big Time Bingo".

37. The existing contracts between the National Bingo Game Association and member clubs expire during the course of 1990. The National Bingo Game Association have indicated to the Board their confidence that the majority of clubs will continue to support the National Game.

38. The Chairman and Board Members met with the NBGA Board on a number of occasions throughout the year to discuss matters concerning the management of the National Game. The NBGA have recently put forward to the Board two proposals which they believe will add to the attraction of the game. These are currently being considered by the Board.

## Advertising

39. The last Report indicated the Board's willingness to support some relaxation of legislation on advertising of bingo, but made it clear that it would not support lifting all advertising restrictions as the Bingo Association of Great Britain wished. Subsequently, the Bingo Association of Great Britain conducted a widespread parliamentary lobby on the matter. The Home Secretary rejected their call for the removal of all advertising restrictions, but the Association were invited to re-open talks with the Board on the whole question, and the Board was asked to make recommendations to the Home Office following the conclusion of the talks. The opening meeting was to be held in April 1990.

## Charges and Prizes

40. Changes in the Regulations governing charges and prizes came into effect on 1 May 1989. As already mentioned in paragraph 34, the limit on weekly prize money in linked bingo was increased to £4,000. The weekly limit on added prize money was increased to £1,750 and the maximum charge for participation in a period of gaming on bingo club premises was increased to £5.

41. Although the Bingo Association of Great Britain made representations for further increases in monetary limits during the year, the Board felt that in the absence of any firm evidence that further increases were necessary, it could not recommend the proposals to the Home Office.

## Consent, renewal and transfer applications

42. The following table shows the results of consent applications made to the Board during the period 1 April 1989 to 31 March 1990, and the number and outcome of the resultant licence applications. The figures in brackets relate to the preceding 12 months:

Table 8

## OUTCOME OF CONSENT AND LICENCE APPLICATIONS 1989/90

	England and Wales	Scotland	Total
<i>Certificates of consent</i>			
Applications made	38 (40)	5 (5)	43 (45)
Applications withdrawn	2 (6)	1 (-)	3 (6)
Applications refused	- (1)	- (-)	- (1)
Applications not determined by 31 March	9 (6)	1 (3)	10 (9)
Certificates issued	27 (27)	3 (2)	30 (29)
<i>Licences</i>			
Applications made	27 (26)	3 (2)	30 (28*)
Applications withdrawn	3 (-)	- (-)	3 (-)
Applications refused	- (-)	- (-)	- (-)
Applications not determined by 31 March	10 (5)	1 (1)	11 (6)
Licences granted	14 (21)	2 (1)	16 (22)

\*One certificate holder did not proceed.

43. The Board did not object to the renewal of any licences during the period of the Report.

44. During the period 1 April 1989 to 31 March 1990 the Board received 51 applications for certificates of consent to the transfer of bingo licences from one person to another. Of these, 42 were granted, seven were withdrawn and two remained undetermined at the end of the period.

# 5 Certification of Employees

## Applications

45. During 1989/90 the Board received 6,871 applications for certificates under section 19 of the Gaming Act 1968, and issued 6,070 certificates. These figures compare with 6,290 and 5,581 in 1988/89 and 5,211 and 4,647 in 1987/88. The number of staff dealing with the steadily increasing number of applications has again remained unchanged.

## Interviews

46. During 1989/90, 314 interviews were held. They were concerned with:—
- (a) Sixty-four applications for gaming managers' certificates, three of which were applications for certification after earlier revocations. Sixty were granted, three deferred and one refused.
  - (b) Three applications for gaming inspectors' certificates all of which were applications for certification following an earlier revocation. One was granted, two were refused.
  - (c) Twenty-four applications for gaming operatives' certificates, four of which were applications for certification following earlier revocation. Twenty-one were granted and three refused.
  - (d) One application for a supervisor's certificate following an earlier refusal was granted.
  - (e) One hundred and eighty-one applications for bingo managers' certificates of approval. One hundred and forty-eight were granted, 20 deferred and 12 withdrawn. One application following an earlier revocation was refused.
  - (f) Thirty-nine persons holding certificates of approval in respect of casinos who were the subject of adverse reports. In respect of nine the Board took no further action. Thirty had their certificates revoked.
  - (g) Two persons holding bingo managers' certificates who were the subject of adverse reports. In both cases the certificates were revoked.

In addition, 56 persons had certificates revoked after declining or failing to arrive for interview during the period.

## Issue of certificates

47. In accordance with paragraph 3 of Schedule 5 to the Gaming Act 1968, it is the Board's policy to make checks or obtain reports from the police or other authorities on first time applicants for certificates of approval. As a result there are inevitable delays in the processing of many such applications. However, on average during the last year 86 per cent of all first time applicants for the operatives' (blue) certificate received their certificate within six weeks of receipt by the Board of the application. This compares with an average of 75–80 per cent in 1988/89. The improvement in performance was the result of the increasing experience of staff in the section, and was achieved despite the higher workload already indicated.

48. While applicants for the manager's (grey) certificate were called to interview within a few weeks of the date of receipt by the Board of their application, the requirement for an interview at Board headquarters resulted in a lengthier timescale in respect of managers' certificates. This was further exacerbated by the series of transport strikes in the summer, which meant that a number of interviews had to be rescheduled for the autumn.

## Quality of managerial applicants

49. The Board's Reports for the last few years have commented on the quality of first time applicants for the manager's certificate of approval. It is pleasing to report that this trend has continued. In only a small minority of cases have the Board decided that an applicant did not meet the required standard. In such cases the application was deferred by agreement to enable the individual to improve his/her knowledge of the Gaming Act 1968 and regulations made under it.

50. It has been made quite clear previously that the Board regards it as important that high standards are maintained and that the holders of this certificate should understand the reasons which lie behind the Regulations, and the reasons for the rules that they must follow. The industry's response has been to make every effort to ensure that senior staff receive adequate training before they apply for the manager's certificate, and the Board acknowledges and endorses these efforts.

## Adverse reports

51. The Board has received a number of adverse reports from their Inspectors on individuals to whom it has issued certificates of approval. In the main these reports concern contraventions of the law or breaches of contracts of employment or conditions of service. Usually these reports raise doubts about the fitness of the individual to continue to hold the Board's certificate. In such cases the Board offers the individual the opportunity to appear before them to explain their actions.

52. The Board continues to be concerned by the number of adverse reports that are received on certificated staff who have been found to have contravened conditions of employment prohibiting them from visiting or gaming in other casinos or associating with club members outside the premises. Such activities inevitably raise doubts about the trustworthiness of the certificate holder, with the added risk of collusion at the tables. The Board takes a serious view of this behaviour and it is the Board's normal practice to revoke a certificate where it occurs, unless there are compelling reasons for not so doing.

53. Despite the fact that the majority of casino operators prohibit such activities, the general impression is that during the year the number of gaming and fraternisation cases has again increased. The Board fully supports casino operators who take a strong line in dealing with contraventions. It is important that all employers make it clear to their staff that such actions may result in the revocation of their certificate of approval.

## Contravention of Section 23(6) of the Gaming Act 1968

54. The application form for certificates of approval makes it clear that the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975 allows the Board to require the disclosure of convictions otherwise treated as spent. Despite this a number of applicants failed to make a full disclosure of their convictions. During the year there were five prosecutions by the police for failure to disclose previous convictions. In at least eight other cases, the matter was taken up with the applicant by the Board at interview and in addition a number of written warnings were issued, some to certificate holders who had failed to disclose convictions on subsequent applications. All convictions must be disclosed on each application for a certificate made to the Board.

## Application by outcome and type

55. The outcome and type of each application for a Section 19 certificate, and revocation made, by grade, for 1989/90 are:

Table 9

### SECTION 19 CERTIFICATES

#### (a) Outcome

	Casino Operatives				Bingo Manager	Total
	Manager	Supervisor	Inspector	Dealer		
New certificates issued	140	135	1,573	3,274	194	5,316
Old certificates re-issued	55	44	327	243	85	754
Total certificates issued	195	179	1,900	3,517	279	6,070
Applications refused	1	—	6	5	2	14
Applications withdrawn	6	1	111	657	12	787
Revocations*	12	1	30	43	11	97

\* Figures given refer to individuals. As some held more than one certificate, 259 certificates were revoked.

#### (b) Type

	Casino Operatives				Bingo Manager	Total
	Manager	Supervisor	Inspector	Dealer		
New Applications	—	—	8	2,338	173	2,519
Transfers	61	38	954	924	70	2,047
Promotions	74	115	561	—	—	750
Re-issue	55	44	327	243	85	754

# 6 Gaming Machines

## Number of machines in use

56. With certain specified exceptions, those who wish to sell, supply or maintain gaming machines can do so only if they hold a certificate granted by the Board under Section 27 of the Gaming Act 1968. Although such certificate holders are not required to submit to the Board details of the numbers of machines they sell, supply or maintain, machines used for gaming must, with certain exceptions, be covered by a gaming licence issued by H M Customs & Excise under Section 21 of the Betting and Gaming Duties Act 1981. The Board is therefore grateful to H M Customs & Excise for the figures reproduced below from the 80th Report of its Commissioners for the year ended 31 March 1989. These give an indication of the number of gaming machines in use at that time.

Table 10

NUMBER OF MACHINES COVERED BY GAMING MACHINE LICENCES FOR THE LICENSING YEARS (including licensed machines in Northern Ireland and special licences)

	<u>1988/89</u>	<u>1987/88</u>
Jackpot machines (installed in premises licensed or registered under the Gaming Act 1968)	40,827	40,980
Amusement-with-prizes (AWP) machines (commonly found in public houses, cafes, arcades and pleasure fairs)	190,820	188,607

## Stakes and prizes limits

57. We referred in paragraph 12 to increases in both the stake and prize limits for Amusement-with-prizes machines (AWPs). These monetary limits are reviewed triennially in accordance with a recommendation of the Royal Commission on Gambling. On 5 December, the Home Office announced that the maximum stake limit of 10p, set in 1981, would be increased to 20p, while the limits of £2 for a cash prize and £4 for a non-monetary prize, set in 1987, would be increased to £2.40 and £4.80 respectively. The increases came into effect on 1 January 1990.

58. Before making its recommendations to the Home Secretary on possible stake and prize limit changes, the Board had a series of consultative meetings with interested trade organisations and gave full and careful consideration to the views put to them. The Government's decision to increase the maximum stake to 20p represented a major development for the industry and was welcomed by it. There was, however, disappointment in some quarters that the prize limit increases were not a little higher. The main factors which led Ministers to the agreed increases were outlined by the Chairman in his speech to the Annual Convention of the British Amusement Catering Trades Association (BACTA) on 6 December. He pointed out, amongst other things, that AWP's were, by definition, primarily for amusement and not gambling and that this had been reflected historically in their modest prizes, low stake/prize ratio and a prize structure which deliberately provided for a non-monetary prize significantly greater in value than the cash prize. It was felt that to increase the prize limits above those strictly justified by the amount necessary to anticipate the effect of inflation over the next three years would, in time, change the intended character of these machines.

59. The introduction of the new stake and prize limits prompted the development of a number of new AWP designs intended to give a greater percentage payout and thus provide the player with better value for money. These games included dual stake (10p or 20p at player's choice); two part games; and also the launch of what proved to be a successful machine which was both simple to play and understand but which did not incorporate any of the complicated features found on the great majority of machines currently available. It remains to be seen whether this type of machine will continue to be popular.

60. During the course of the year, which included the triennial review, the Board received no representations from any quarter for increases in the maximum stake and prize limits for jackpot machines. The current maximum prize limit of £150 was set, by agreement with the trade, on 1 January 1987. The Board was therefore disturbed to receive a letter from BACTA in March, without prior consultation, which sought to announce an increase in the prize limit to £200. In response to the Board's concern, BACTA suspended promulgation of the increase to its members and, at the close of the year, the Board was due to meet representatives of BACTA to discuss the matter further.

### Guidelines for enforcement policy

61. Last year's Report referred to the introduction, with the co-operation of BACTA, of an advisory procedure, and associated reference document, enabling the Board to notify manufacturers of any new machine feature or development it considered undesirable. In general the new system has worked well, with most manufacturers accepting both the letter and spirit of the guidelines and reference document. During the course of the year, two further amendments to the reference document were issued, in May and July. These gave further guidance in the difficult areas of live jackpot increments and prize displays.

### Visit to the Netherlands Gaming and Technology Department

62. As mentioned in paragraph 5, the Head of the Machines Section and the Machines Specialist Inspector visited the Dutch Ijkwesen (Legal Metrology Service) between 24 and 27 September 1989. The purpose of the visit was to observe the procedures and techniques used in the Netherlands to test and approve gaming machines and to obtain information which might be useful in the context of the Board's own system of control over machine design in this country. At the end of the year, the implications of the information obtained during the visit were still being studied by the Board.

### Skill-with-Prizes Machines (SWPs)

63. Although the Board has no statutory responsibilities for SWPs, it has continued to monitor developments in this area, and the practice of manufacturers seeking the Board's advice on new proposals for machines offered as SWPs, whether at an early design stage or later, is now well established. Whilst only the courts can authoritatively interpret the law, manufacturers are particularly anxious to have the Board's view on whether, if they develop a particular concept or game, the resulting machine is likely to be regarded as an SWP, rather than a game of chance subject to the controls of Part III of the 1968 Act, and thus not liable to duty as a gaming machine. At the same time, the Board has continued to offer their informal views on the acceptability of "non-chance" features on SWPs and their advice in this area has also generally been welcomed by most manufacturers. Certain aspects of this system of informal advice in this difficult area were under consideration during the year.



64. Of the skill games submitted for the Board's view, trivia quiz based games with additional features incorporated, made up the greatest proportion and indeed proved most popular in the marketplace. Notwithstanding that, a number of non-quiz games were offered, although in general none of this type enjoyed any lasting popularity. SWPs have in many instances been used to replace AWP's previously sited in cafes, fish and chip shops etc. where local authorities have passed resolutions banning AWP machines in such premises.

65. A few skill games offered to the Board caused difficulties. Examples are a machine which appeared to offer a "pretended game of chance", and one which offered prizes in excess of the maximum limit voluntarily set by BACTA for SWPs. In these cases the difficulties were resolved satisfactorily with the manufacturers.

### Applications for certificates under Section 27 of the Gaming Act 1968 to sell, supply and/or maintain gaming machines

66. The number of applications received, and their outcome, is shown in the following table:

Table 11

#### APPLICATIONS FOR SECTION 27 CERTIFICATES

	ENGLAND AND WALES	SCOTLAND	TOTALS
Applications outstanding on 31 March 1989	38	3	41
New applications	70	8	78
<b>Totals</b>	<b>108</b>	<b>11</b>	<b>119</b>
Certificates issued	70	8	78
Applications refused	3	1	4
Applications withdrawn	9	0	9
To be determined, or awaiting payment of fee on 31 March 1990	26	2	28
<b>Totals</b>	<b>108</b>	<b>11</b>	<b>119</b>

### Renewal of certificates

67. 1990 is the 20th anniversary of the original certification programme, and considerable numbers of certificates will accordingly reach the end of their five-year life on 30 September 1990. The latter part of the year covered by this Report was, as a result, particularly busy for the Board's Machines Section and this situation is likely to continue for several months. All such certificate holders had been sent renewal application forms by the end of 1989 and the Board's staff were greatly helped by a good response to the appeal for the early submission of applications. The vast majority of such certificate holders have already either advised the Board of their intention not to renew their certificate or submitted a renewal application and the Board is most grateful for this co-operation. Details of the renewal of these certificates are given separately from those of the renewal of other certificates expiring during the year.

68. Where a certificate expires before it is renewed, certificate holders may continue to honour existing contracts, but are not entitled to negotiate new contracts or new rental or maintenance terms for machines already on site; nor can these machines be replaced or taken away and subsequently returned.

## Renewal of certificates from the original certification programme

69. Three hundred and twenty-one certificates from the original certification programme will reach the end of their five-year life on 30 September 1990. The Board was notified that renewal was not required for 45 of these. Renewal application forms were sent to the remaining 276 certificate holders, of whom 75 had not decided at the end of March 1990 whether or not they wished to renew their certificates. The disposal of the applications received is shown in the following table:—

Table 12

### APPLICATIONS FOR RENEWAL OF SECTION 27 CERTIFICATES

	ENGLAND AND WALES	SCOTLAND	TOTALS
Applications received	190	11	201
New certificates necessary*	2	0	2
Certificates renewed	50	5	55
Applications withdrawn	0	0	0
Applications refused	0	0	0
To be determined, or awaiting payment of fee on 31 March 1990	138	6	144 +
Totals	190	11	201

\* Where the nature of the certificate holder's business had changed (eg from a partnership to a limited company).

+ 110 applications have been determined but 55 applicants have chosen to pay for their certificate later, nearer to the expiry date.

## Renewal of other certificates

70. During the year another 138 certificates reached the end of their five-year life. The Board was notified that renewal was not being sought for 37 of these. One hundred and one renewals were therefore left to be considered. The outcome of these applications, along with the three renewal applications carried over from the previous year, is shown in the following table:—

Table 13

### APPLICATIONS FOR RENEWAL OF SECTION 27 CERTIFICATES

	ENGLAND AND WALES	SCOTLAND	TOTALS
Renewal applications outstanding on 31 March 1989	2	1	3
Applications received	97	4	101
Totals	99	5	104
New certificates necessary	5	1	6
Certificates renewed	82	4	86
Applications withdrawn	6	0	6
Applications refused	0	0	0
To be determined, or awaiting payment of fee on 31 March 1990	6	0	6
Totals	99	5	104

## Revocations

71. During the year, two Section 27 certificates were revoked.

## Certificates in force

72. On 31 March 1990, there were 1,225 certificates in force.

## Permits

73. Permits are issued free of charge for isolated transactions such as the sale of an unwanted machine by a person not normally in the trade. Twelve such permits were issued during the year.

# 7 Lotteries

74. At the end of March 1990 a total of 731 lottery schemes were registered with the Board. Six hundred and seventy six were society schemes; the remaining 55 run by local authorities. This compared with the position a year earlier when the total registrations figure was 631, made up of 561 society and 70 local authority schemes. In the 12 months to 31 March 1990 the Board registered 251 society and 13 local authority schemes, while 136 society and 28 local authority schemes expired.

75. These figures show that the number of society schemes registered with the Board increased by 115 (20 per cent), but that local authority registrations fell by 15 (21 per cent). The number of lottery schemes under Board registration in any one month between June 1985 and March 1990 are shown in the bar charts below.

Table 14

## SOCIETY LOTTERY SCHEMES REGISTERED WITH GAMING BOARD.

Schemes Registered from June 1985 onwards.

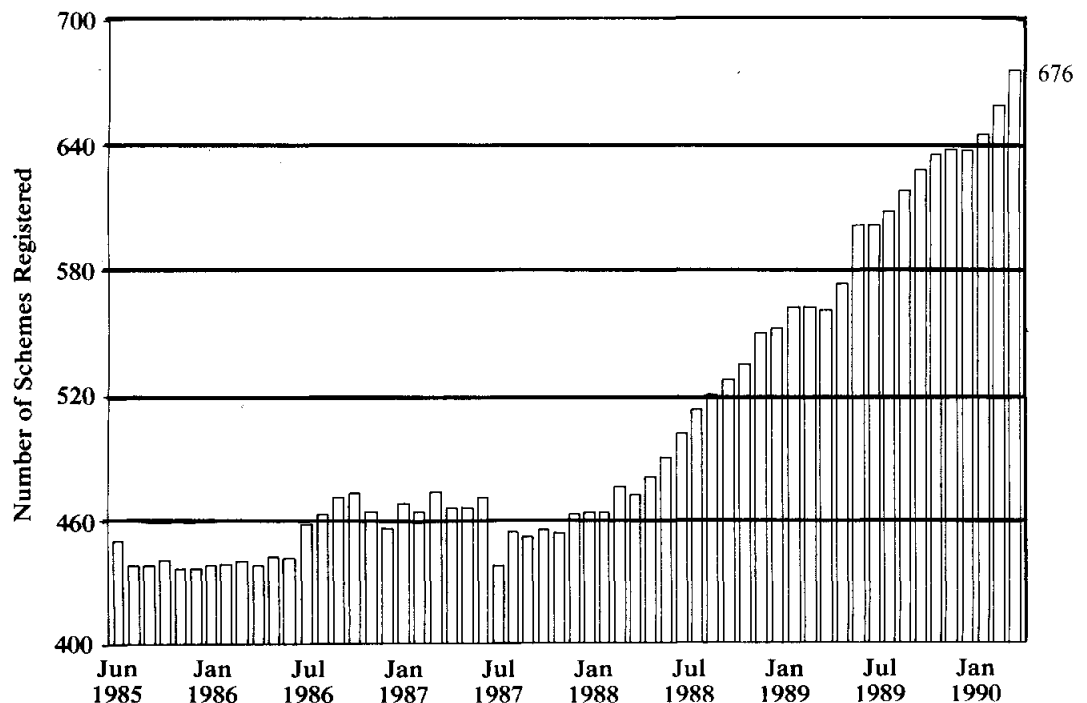
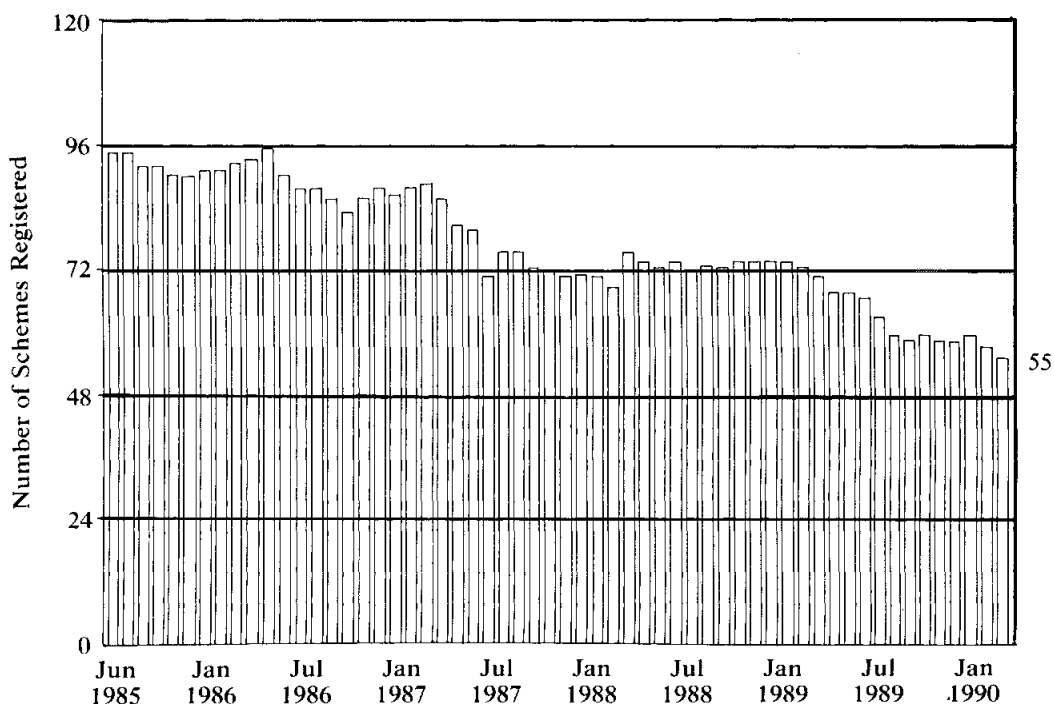


Table 15

LOCAL AUTHORITY LOTTERY SCHEMES REGISTERED WITH THE BOARD

Schemes registered from June 1985 onwards.



76. Between 1 April 1989 and 31 March 1990 the Board received 972 accounts for society lotteries promoted under Board registration, representing an increase of 74 (8 per cent) over the previous year's figure of 898; and 256 accounts for local authority lotteries, representing a decrease of 24 (8.5 per cent) over the previous year's figure of 280. The Board has no record of the number of society lotteries promoted under local authority registration.

### Action by the Board

77. As in previous years there has been close co-operation between the Board and the police in the investigation of alleged lottery offences. In one case involving substantial misappropriation of lottery proceeds under schemes not registered with the Board, the two principal offenders were convicted of submitting false lottery returns to the local authority; one received a heavy fine. In another case, which included charges brought under the Lotteries and Amusements Act 1976, the Theft Act 1968, and the Criminal Law Act 1977 (conspiracy to obtain property by deception), three defendants were convicted, and again substantial fines were imposed.

78. It is mentioned earlier in this Report that a Board Member, Mr P B Kavanagh, and the Secretary visited Canada and the United States in May 1989. Their itinerary included interesting and highly informative meetings with the Directors of Loto Quebec and the Massachusetts State Lottery.

79. The Annual Conference of the Lotteries Council, held at West Bromwich in February 1990, was attended by the Head of the Board's Lotteries Section and the Senior Inspector, Midland Region. The latter gave a talk on the role of the Inspectorate in lottery inspections, with an outline of the main problems encountered, and both officials subsequently responded to questions raised by delegates.

## Lotteries fees

80. The Lotteries (Gaming Board Fees) Order 1990, which came into force on 1 April 1990, provided for further increases in the fees payable to the Board in connection with the registration of lottery schemes and with lotteries promoted under schemes registered by the Board. The fees were changed as follows:—

	Old fee (1 April 1989) £	New fee (1 April 1990) £
(a) Where the value of tickets to be sold does not exceed £10,000:		
(i) Fee on application for the registration of a scheme	100	120
(ii) Fee for each lottery promoted (see note)	30	36
(b) Where the value of tickets to be sold exceeds £10,000:		
(i) Fee on application for the registration of a scheme	350	420
(ii) Fee for each lottery promoted with gross proceeds between £10,000 and £20,000 (see note)	60	72
(iii) Fee for any other lottery (see note)	75	90

Note: These fees are for each lottery (including the first) where more than one lottery is conducted under a scheme.

## Lotteries Inspections

81. During the period 1 April 1989 to 31 March 1990 the Board's Inspectorate carried out a programme of 26 inspections of societies with lottery schemes registered with the Board. The selection of particular societies for inspection takes account of the need for a wide geographical spread, in addition to any concerns the Board may have about an individual scheme. It is not possible, unfortunately, to report any notable changes in the overall picture revealed by the inspections. Once again there were many instances of poor record keeping, inaccurate returns to the Board, inappropriate destruction of tickets, lotteries rolling into each other and lack of control over ticket distribution. With certain exceptions, however, the Inspectorate again formed the view that the shortcomings discovered appeared to be more connected with inexperience and poor administrative practices than deliberate dishonesty.

82. In recognition of the difficulties lottery organisers may face through lack of knowledge or inexperience, the Board has for some years made available a small booklet of guidance (GBL6) on the registration of lottery schemes. The Board proposes to review and up-date the booklet's content and, where possible, improve the quality of advice it contains.

83. At the Annual Conference of the Lotteries Council and elsewhere, it has been suggested that lottery accounts submitted to the Board may sometimes be "massaged" to keep the lottery within the authorised expenses and prize limits. This practice is unacceptable to the Board. All information submitted must be accurate, and a serious view is taken of any case of false accounting. Promoters are reminded that it is a criminal offence under the Lotteries and Amusements Act 1976 for any person knowingly or recklessly to give to the Board any information which is false in a material particular.

84. Since November 1988 a three month deadline has applied to the submission of accounts to the Board in respect of both local authority and society lotteries. It has been put to the Board that where, for example, a prize (eg a holiday) is not invoiced for some time after the deadline, the submission of the return should be delayed until it is complete. The Board's view is that every effort must be made to comply with the three month rule, but that where a genuine difficulty exists with a particular return, it would expect to receive a full explanation in good time *before* the three month limit was reached; the society or local authority would then be advised whether or not the Board was prepared to accept a later return or would wish to receive such information as was available on time, with additional details at a later date.

### “ Multiple ” lotteries

85. Last year's Report (paragraph 96) referred to the making of Regulations under the 1976 Act designed to prohibit “ multiple ” lotteries and to the Board's understanding that, following their introduction, a multiple lottery being promoted by the National Hospital Trust (NHT) had been discontinued. In November last year, advertisements reappeared in the national press for a new National Hospital Trust lottery scheme, NHS Loto. The advertisements suggested that the new scheme provided for 100 separate society lotteries, with a maximum prize in each of £2,000. In addition, there was an invitation to enter an associated “ free draw ” for prizes of various amounts, including a jackpot of up to £500,000. Much of the advertising material indicated that the “ free draw ” could be entered without entering any of the lotteries. The Board was not consulted about the launch of this latest scheme. In the light of concern about certain aspects of the scheme, the facts have been drawn to the attention of the police for investigation and action as appropriate.

### Foreign lotteries and the law in Great Britain

86. Under Section 2 of the Lotteries and Amusements Act 1976 the conduct and promotion of foreign lotteries in Great Britain is prohibited. Over the last 12 months increasing awareness and concern have been expressed in the media and elsewhere about attempts by major lotteries in other countries, notably Canada, West Germany and Austria, to sell their lottery tickets in Great Britain. The main method of approach has been by sending promotional material direct to individuals in their homes, but advertisements have also appeared from time to time in certain publications. Prizes are attractive because they greatly exceed the £12,000 maximum value of a prize in a society or local authority lottery, but the cost of participation too is much higher. Although many of the larger foreign lotteries appear to be well established and there is nothing to suggest that they are not honestly administered, a participant living abroad is more exposed to the possibility of fraud, particularly by third parties who forge or obtain genuine tickets dishonestly, or simply receive stakes and do not enter tickets in the draw. Nor are overseas participants in a favourable position from which to seek redress.

87. There are a number of ways in which the Board and the Government have responded to this situation. In the case of promotional material appearing in magazines in this country, the Board's practice has been to write to the editor of the publication, drawing attention to the offence which has been committed under Section 2 of the 1976 Act. Replies received invariably admit to ignorance of the law and give assurances that such advertisements will not be accepted in future. Direct efforts to tackle the problem abroad have been made through the Foreign and Commonwealth Office, by approaches to the authorities in West Germany, Canada and Austria, inviting them to act to end attempts by lotteries based there to circumvent our law. At home, HM Customs & Excise have powers to seize foreign lottery material mailed direct to individuals from abroad, under Section 49 of the Customs & Excise Management Act 1979. Between January and early

March 1990 Customs & Excise officials seized some 640,000 foreign lottery invitations. Despite such seizures there remain obvious problems in detecting foreign lottery material sent through the post, and while the police can take action against offenders here (eg agents for foreign based lotteries), this cannot extend to the sender, who is outside the United Kingdom's jurisdiction.

88. The efforts which are being made to combat the illegal activities of foreign based lotteries will continue, despite the practical difficulties involved. There has been speculation that the advent of the Single European Market (SEM) at the end of 1992, or the provisions of the Treaty of Rome as it stands, will override our domestic prohibition on the operation of foreign lotteries. The Government's understanding, however, is that the SEM will not of itself affect gambling legislation in member states, including the Lotteries and Amusements Act 1976. Any change in that position would be likely to come either from the initiative of one of the states, or from proposals by the European Commission. National initiatives seem unlikely and the European Commission has stated that it considers that national legislation on the organisation and conduct of gambling is justified. The Commission has recently arranged for a purely factual study of the law on, and the character of, gambling in each member state. But we understand that this is entirely without prejudice to whether any, or if so what, Community measures might be proposed. If any proposals were made, we understand they could well meet opposition from other member states and might also be opposed as not being within the scope of the Treaty of Rome. Overall, gambling controls of a strictness comparable to, or tougher than, our own are operated by our European partners—many of whom have state lotteries which would not welcome competition from abroad, either from other lotteries or other forms of gambling.

## Skilball

89. In October 1989 Golden Grid Plc wrote to the Board to inform it of the proposed launch in April 1990 of a new form of large scale Spot-the-Ball competition, called Skilball, using modern computer on-line technology, installed in retail outlets such as newsagents. Although the Skilball competition varies in details from the more traditional Spot-the-Ball competitions (for example, there are six photographs of a soccer match, from which the ball has been erased, rather than one) its essential principles appear to be similar and it is understood that the promoters certainly intend it to be regarded as a (legal) prize competition in which success will depend to a substantial degree on the exercise of skill.

90. Whilst the Board has no statutory responsibility in the area of "skill" competitions, it has made known to the Home Office its concern that, in the event that Skilball is promoted or perceived as a form of gambling, it could have serious implications for policy on lotteries and for the general principle that demand for gambling should not be stimulated.

## Increases in the monetary limits

91. In December 1988 the Home Office consulted the Board and other lotteries' interests about proposals to alter the monetary limits on individual public lotteries. The result of this review, after due consideration had been given to all the responses received, was The Lotteries (Variation of Monetary Limits) Order 1989, which came into force on 1 September 1989 and increased substantially the maximum prize and proceeds limits for society and local authority lotteries promoted under schemes registered with the Board. The Order also increased the maximum price of a ticket or chance to £1. It is too early to assess fully the effect of the increases, but they could be a factor behind the rise in the number of new applications for registration received in the early months of 1990.



92. Details of the changes are as follows:—

Matter to which the limit relates	Previous limit	New limit
Limit on the total value of tickets or chances which may be sold in two or more society's lotteries of the same date promoted on behalf of one society, if those lotteries are to be treated as one for the purposes of section 10(1)	£30,000	£45,000
Limit on the total value of tickets or chances which may be sold in two or more lotteries of the same date promoted by one local authority, if those lotteries are to be treated as one for the purpose of section 10(1)	£30,000	£45,000
Maximum price of a ticket of chance in a society's lottery or local lottery	50p	£1
Maximum prizes in lotteries promoted in accordance with a registered scheme—		
short-term lottery	£3,000	£6,000
medium-term lottery	£4,500	£9,000
any other lottery	£6,000	£12,000
Limit on the total value of tickets or chances which may be sold in a lottery promoted in accordance with a registered scheme—		
short-term lottery	£30,000	£45,000
medium-term lottery	£60,000	£90,000
any other lottery	£120,000	£180,000

### Lottery statistics

93. Table 16 which follows gives details of accounts received from 1 April 1989 until 31 March 1990 for lotteries promoted in Great Britain under schemes registered with the Board. The table shows the number of lotteries promoted, the total amount of money received from ticket sales, the amounts appropriated for expenses and prizes, and the balance which went to the cause concerned.

94. The average proceeds for society and local authority lotteries promoted in the 12 months to 31 March 1990 were £21,256 and £9,971 respectively, compared with £20,942 and £9,091 for the comparable period in 1988–89.

95. Table 17 shows comparative figures for the total ticket sales on accounts received from 1 April 1985 to 31 March 1990 for lotteries promoted in Great Britain under schemes registered with the Board. The upturn in the market for society lottery tickets has again continued, and after many successive years of declining numbers there has also been an increase in the number of lotteries promoted by societies under Board Registration. Local Authority ticket sales are at the same level as last year, although the number of lotteries being promoted by local authorities has continued to decline.

Table 16

DETAILS OF ACCOUNTS RECEIVED IN THE PERIOD 1 APRIL 1989–31 MARCH 1990 FOR LOTTERIES PROMOTED IN ENGLAND, WALES AND SCOTLAND UNDER SCHEMES REGISTERED WITH THE BOARD.

Society Lotteries

	Number of Lotteries	Total Ticket sales	Expenses		Prizes		Balance	
		£	£	%	£	%	£	%
England and Wales	885	19,475,683	3,343,577	17.17	5,573,233	28.62	10,558,873	54.22
Scotland	87	1,184,999	237,656	20.06	412,652	34.82	534,691	45.12
Total	972	20,660,682	3,581,233	17.33	5,985,885	28.97	11,093,564	53.69

Local Authority Lotteries

	Number of Lotteries	Total Ticket sales		Expenses		Prizes		Balance	
		£	'	£	%	£	%	£	%
England and Wales	256	2,552,536		598,890	23.46	1,020,294	39.97	933,352	36.57
Scotland	NIL	NIL		NIL	NIL	NIL	NIL	NIL	NIL
Total	256	2,552,536		598,890	23.46	1,020,294	39.97	933,352	36.57
Total All Lotteries	1,228	23,213,218		4,180,123	18.01	7,006,179	30.18	12,026,916	51.81

Table 17

TOTAL TICKET SALES AND NUMBERS OF LOTTERIES SHOWN ON ACCOUNTS RECEIVED BETWEEN 1 APRIL 1985 AND 31 MARCH 1990.

Society Lotteries

	1.4.85 to 31.3.86		1.4.86 to 31.3.87		1.4.87 to 31.3.88		1.4.88 to 31.3.89		1.4.89 to 31.3.90	
	Total Ticket Sales	No. of Lotteries	Total Ticket Sales	No. of Lotteries	Total Ticket Sales	No. of Lotteries	Total Ticket Sales	No. of Lotteries	Total Ticket Sales	No. of Lotteries
	£m		£m		£m		£m		£m	
England and Wales	16.48	1,168	15.58	907	16.96	885	17.55	808	19.48	885
Scotland	3.41	299	2.77	274	1.52	141	1.25	90	1.18	87
Total	19.89	1,467	18.35	1,181	18.48	1,026	18.80	898	20.66	972

Local Authority Lotteries

	1.4.85 to 31.3.86		1.4.86 to 31.3.87		1.4.87 to 31.3.88		1.4.88 to 31.3.89		1.4.89 to 31.3.90	
	Total Ticket Sales	No. of Lotteries	Total Ticket Sales	No. of Lotteries	Total Ticket Sales	No. of Lotteries	Total Ticket Sales	No. of Lotteries	Total Ticket Sales	No. of Lotteries
	£m		£m		£m		£m		£m	
England and Wales	4.20	568	3.63	466	3.09	375	2.55	280	2.55	256
Scotland	0.10	10	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total	4.30	578	3.63	466	3.09	375	2.55	280	2.55	256
Total All Lotteries	24.19	2,045	21.98	1,647	21.57	1,401	21.35	1,178	23.21	1,228

# 8 Inspectorate and Enforcement

## Introduction

96. It is with deep regret that we record the death in September of Jack Lynch OBE, who had served with the Inspectorate since its formation in 1970 and became Chief Inspector in 1981. Mr Lynch's knowledge and understanding of the gaming industry, both within Great Britain and abroad was based on wide experience. As Head of the Board's Inspectorate, he was responsible to the Board for all matters relating to the inspection of gaming licensed premises and enforcement of the Gaming Act 1968. He had travelled extensively, providing advice and assistance to several overseas governments and was regarded internationally by fellow regulators as an expert in his field. In 1987 Mr Lynch was awarded the OBE for his services to the Board. He was held in the highest esteem by the Board and will be sadly missed.

97. In October Mr W A Galston was appointed Chief Inspector and in January 1990 Mr J E R Bragoli was appointed Deputy Chief Inspector. Both have served with the Board's Inspectorate since its formation in 1970. Miss B M M Reid was appointed Senior Inspector of the South East Region, which is based in Berkshire House.

98. During the year the Board's inspectors made 2,183 supervisory visits to casinos and 3,586 visits to bingo clubs. They also made 731 visits to certificated machines suppliers. In a number of cases assistance was given to police when they initiated 85 prosecutions for gaming offences. Police issued 40 warnings and cautions for other gaming offences. Gaming Board inspectors were named in 10 warrants issued under Section 43 of the Gaming Act 1968.

99. An important feature of the work of the Inspectorate is to assist and advise police and other bodies in their understanding of gaming and lotteries legislation. To supplement this and to promote awareness of the legislation in respect of gaming, inspectors gave 48 talks to police which included a number of specialised courses at police training establishments and Board headquarters. Inspectors also gave 24 talks to gaming licensing authorities throughout the country and at Board headquarters. There appears to be a continuing interest in these courses and talks and every effort will be made to meet this demand.

## Casinos

100. In this Report and in previous Reports reference has been made to the acquisition of casino licences by companies buying the share capital of an existing licence holding company. This can lead to lengthy enquiries by the Board's Inspectorate and in the case of Leisure Investments Plc referred to in paragraph 21 of this Report, these began in January 1989 and continued throughout the whole of that year, both in this country and abroad, necessitating visits to casinos outside Great Britain owned and operated by the company. Adjournments to the renewal applications of a gaming licence were necessary whilst these enquiries continued.

101. Inspectors also carried out a number of in-depth inspections of casinos. These generally involve a team of inspectors under the direction of a senior inspector, carrying out enquiries over several days. No major problems were recorded and matters requiring action were dealt with in discussion with licensees by way of advice.

102. A number of cases of theft from casinos occurred during the year. In one case two holders of S19 certificates were arrested for the theft of £25,000. One received a sentence of nine months imprisonment, and the other six months imprisonment. Compensation was awarded against each. In another case the holder of a Section 19 manager's certificate was sentenced to 18 months imprisonment, 15 months of which was suspended for two years, on charges of obtaining money by deception.

103. The Board's Inspectorate continue to receive reports and to monitor attempts to cheat at play in casinos. Though primarily a matter for casino security staff inspectors will assist both them and police whenever necessary. The Board is pleased to see that liaison between security staff in the industry has developed and efforts to identify teams of cheats who may visit several casinos have been successful as a result. This co-operation is essential given the mobility of these groups who will travel extensively in this country and abroad.

## Bingo

104. The National Bingo Game continues to receive close supervision. Inspection visits are made to the National Game offices at Dunstable by South East Region inspectors and the Board's specialist machines inspector assists in inspections at the National Game Computer office. Although checks of ticket sales and on the conduct of the National Game are carried out by inspectors making routine visits to bingo clubs, the size of the National Game makes it impossible to carry out a complete check of all figures on a specific night. However a reconciliation of ticket sales and cash in one region of the National Game was undertaken. This compared ticket sales at 93 clubs in that region with those recorded by the National Game company. This is a time consuming exercise, but the Board believes it is necessary to make such detailed checks on occasions. Inspectors found no discrepancies in the ticket sales or prizes and were satisfied with the results. Advice was given concerning minor breaches of the National Game rules.

105. Routine inspections of bingo clubs have led the Inspectorate to issue a number of warnings and to give advice to management and licensees, relating to the provisions of Section 14 of the Gaming Act 1968. This section requires licensees to notify charges for participating in bingo to the Licensing Authority 14 days before the charge is made and importantly, to display the charge on the premises. Once notified these charges may not be varied without further notification. The Board regards this as an important control and urges licensees to ensure that management adhere to the charges which have been notified. The display of charges should be prominent and sufficiently clear so that players are readily able to identify the precise amount being charged. This is particularly important when a single payment is made for a number of games in one or two sessions inclusive of a participation charge.

106. Though a number of cases involving theft by staff were reported during the year only one involving collusion between an employee and players came to notice. This resulted in the employee being sentenced to nine months imprisonment suspended for two years on charges of deception. The two players involved were sentenced to community service orders on similar counts.

107. The development of sophisticated bingo equipment continues. 'Check-back' systems which provide the automatic display and check of winning tickets are now quite common. Mechanised cash bingo equipment which is used for the playing of interval games of bingo on boards, rather than tickets, either housed in units or spread separately around a club has similar features. Prize boards for the display of book sales information have also been developed to allow the same equipment to be used for other purposes connected with the game and to provide 'scrolling' or 'rolling' displays. The Board welcomes all of these developments which undoubtedly improve the security of the game and are designed to provide the player with better information. We do consider it essential, however, that prize boards provide a complete and simultaneous display of ticket or book numbers, damaged tickets and sales together with prize money allocation during bingo games and the checking of claims so that players are able to verify ticket numbers and the calculation of sales and prizes.

## Gaming Machines

108. The Board's specialist machine inspector spends a great deal of time discussing new developments and games with manufacturers in order to ensure that machines conform to the agreed guidelines. Similar discussions are held on the manufacture and development of skill machines to check that these machines do not incorporate the elements of chance which might bring them within the provisions of Part III of the Gaming Act 1968. The Board are anxious that the dialogue between their machines specialist inspector and manufacturers continues.

## Lotteries

109. Reference is made elsewhere in the Report to the programme of lottery inspections of lotteries registered with the Board and the 26 inspections carried out during the year. These generally involve two inspectors for each inspection. As already indicated the inspectors continue to find a lack of control of ticket sales in these lotteries and on occasions the inadequacy of records makes it impossible for full reconciliation to be achieved. The Board hope that by continuing to give advice to the promoters of lotteries, better records and tighter controls will result.

## General

110. The Board's Inspectorate numbers 35 in total with the Chief Inspector and Deputy Chief Inspector being based at Board headquarters. There are five regional offices throughout the country, each controlled by a senior inspector with a number of area inspectors based either at the regional office or working from their homes. Apart from their primary responsibility to visit licensed gaming premises to ensure compliance with the Act and Regulations, inspectors are closely involved with the Board in the investigation of applications for the Board's various consents. Additionally, they monitor and report on the movement of holders of Section 19 certificates between employers. Close liaison is maintained by the Board's Chief Inspector with enforcement agencies abroad and the Board has received an increasing number of enquiries relating to the movement of staff, where validation of the Board's certificate is required. The Board's Chief Inspector together with the Board's consultant accountant, Mr J Godfrey, continue to act as consultants on a project conducted for the Turks & Caicos Government, by arrangement with the Overseas Development Administration.

## Complaints

111. The Inspectorate receive a number of complaints every year, generally from members of licensed casinos or bingo clubs, though frequently from members of the public. Apart from those relating to gaming licensed premises, other complaints continue to be made in respect of gaming machines, lotteries or the conduct of gaming on uncontrolled premises. The Board regards the investigation of these complaints as an important aspect of the Inspectorate's work and every effort is made to satisfy complainants on the outcome of the inquiry. During the year the numbers of complaints were as follows:—

Casinos	31
Bingo	99
Others	34

112. All these complaints were investigated and in the majority of cases satisfactorily resolved.



# Appendix I

## The Board's Staff as at 31 March 1990

	Grade	Staff in Post
Administrative Staff	5	1
	7	1
	SEO	1-5
	HEO	4
	EO	7
	PS	2
	AO*	16
	AA	4
	Typists	1-5
	Messenger	1
	Paperkeeper	1
	<hr/>	
	Total	40
Inspectorate	Chief Inspector	1
	Deputy Chief Inspector	1
	Senior Inspector	5
	Inspector	25
	Machines Inspector	1
		<hr/>
	Total	33
		<hr/>
		73

\* Including 5 at regional offices.

# Appendix II

## The Objectives of the Board

The purposes for which the Board was given its statutory functions may be summarised as follows:

1. to keep criminals out of gaming and lotteries;
2. to ensure gaming is run fairly and in accordance with the law;
3. to advise the Secretary of State of developments in gaming so that the law can respond to change.

In pursuit of these aims the Board:

- (a) keep the extent, character and location of gaming generally and in licensed premises under review;
- (b) initiate proposals for changes in the law on gaming and advise Ministers on proposals from interest groups;
- (c) determine applications for certificates of consent without which an application cannot be made for the grant or transfer of a casino or commercial bingo club licence;
- (d) determine applications for the grant of certificates to sell, supply and/or maintain gaming machines;
- (e) determine applications to the Board for the registration of lotteries;
- (f) determine applications for certificates of approval required by those who wish to be employed as gaming operatives or managers;
- (g) supervise the conduct of holders of certificates and licences and take action against those no longer considered fit and proper;
- (h) make recommendations to the Secretary of State regarding hours, charges and prizes in respect of gaming and monetary limits in respect of lotteries;
- (i) make representations to licensing authorities concerning the grant, revocation or renewal of gaming licences.
- (j) liaise with the gaming industry's trade associations with a view to encouraging self-regulation and other co-operation in pursuit of the Board's aims.



# Appendix III

## GAMING BOARD FOR GREAT BRITAIN UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1990 AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1989

### FOREWORD

1. The Gaming Board for Great Britain was established under Section 10 of the Gaming Act 1968 to keep under review the extent and character of gaming in Great Britain, in particular the extent, character and location of gaming facilities. The Board also has responsibilities in relation to lotteries under the Lotteries and Amusements Act 1976.

2. Remuneration, pensions and expenses due to Board members are paid directly by the Secretary of State in accordance with the requirements of paragraphs 5 and 5A of Schedule 1 to the 1968 Act, and are not borne on the Board's grant in aid or reflected in this Account. Expenditure on staff (including Inspectors), remuneration and allowances as well as other expenses incurred by the Board under Section 48(1) of the Act and paid out of the Board's grant in aid, are shown in this Account.

3. Since 1 April 1987, the Board has been financed by a grant in aid from the Home Office administration, miscellaneous and community services and civil defence, England and Wales Vote (Class XI Vote 3). The agreed Memorandum on payment of the grant in aid requires the Board to prepare a Statement of Account for each financial year, in a form agreed by the Secretary of State in consultation with the Treasury.

4. Fuller details of the Board's activities, and progress on its objectives during the year, are given in its Annual Report. A list of the Board's objectives appears at Appendix II.

5. In the Report published in 1989 unaudited accounts appeared for the year ended 31 March 1989, because the audit was not completed by the date of publication. Unaudited accounts for the year ended 31 March 1990 appear in this Report for the same reason. The Board has been advised by the Treasury that audited accounts should be published, and the audited accounts for the year ended 31 March 1989 therefore appear in this Report. Audited accounts for the year ended 31 March 1990 will appear in the Report to be published in 1991.

6. There are discrepancies between the unaudited and audited accounts for the year ended 31 March 1989. Minor differences arise from changes in accounting practices suggested by the National Audit Office. The major differences arise firstly from overpayments of VAT and superannuation (see Note 4) and secondly from the fact that repayment to the Home Office for the salaries bill for the fourth quarter of 1988/89 was not made until the financial year 1989/90 and therefore should not have been included in payments of 1988/89. The end of the year balance is thus greater in the audited accounts than the unaudited accounts (see Note 8).

The members of the Gaming Board  
for Great Britain during 1989 were as follows:—

Mr N A Ward-Jones (Chairman)  
Mr M H Hogan  
Mr W N Hunter Smart  
Lady Ibbs  
Mr P B Kavanagh

UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH 1990 AND AUDITED STATEMENTS FOR THE  
YEAR ENDED 31 MARCH 1989

	Notes	1989/90 £	1988/89 £
HMG Grants received	2	2,297,026	2,111,809
Operating receipts	3	755,104	450,447
Salaries and wages etc	4	1,853,678	1,465,516
Other operating payments	5	836,778	654,957
Surplus from operations		361,674	441,783
Other receipts	6	149,888	36,097
Less other payments	6	367,460	236,881
Surplus for year		511,562	477,880
Receipts surrendered to Home Office	7	672,477*	441,899
Excess/Deficit		-160,915	35,981

\* This included a sum of £8,530 which remained to be surrendered to the Home Office from the 1988/89 financial year.

STATEMENT OF BALANCES AS AT 31 MARCH 1990 AND 31 MARCH 1989

	Notes	1989/90 £	1988/89 £
Balance at beginning of financial year		458,790	422,809
Excess/Deficit		-160,915	35,981
Balance at end of financial year	8	297,875	458,790

The Notes below form part of these Accounts.

NOTES TO THE STATEMENTS

1. These accounts are drawn up in a form agreed by the Secretary of State for the Home Department with the consent of the Treasury following consultation.

2. HMG Grants received	1989/90 £	1988/89 £
Grants received from Class XI, Vote 3 1988/89	2,297,026	2,111,809
3. Operating receipts		
Receipts of fees by the Gaming Board	755,104	450,447

4. Salaries and wages etc.

(a) Senior employees

[No senior employee received a remuneration in excess of £37,000]

(b) The total liability for staff costs for the financial years was as follows:

	1989/90 £	1988/89 £
Salaries, wages and allowances	1,131,212	1,037,099
Employer's NI contributions	81,465	74,697
Pensions and accruing superannuation liability	182,894	200,383
VAT	95,464	89,774
	<u>1,491,035</u>	<u>1,401,953*</u>

The sums of £1,853,678 and £1,465,516 shown in the accounts for 1989/90 and 1988/89 respectively reconcile to these figures as follows:

	1989/90 £		1988/89 £
Account figure	1,853,678		1,465,516
Plus adjustment to estimated 4th quarter salary bill	7,319	Plus 1988/89 4th quarter	369,962
	<u>1,860,997</u>		<u>1,835,478</u>
Less 1988/89 4th quarter paid in year	369,962	Less 1987/88 4th quarter paid in year	367,460
		Refunds of VAT and superannuation due	66,065
1989/90 liability	<u>1,491,035</u>	1988/89 liability	<u>1,401,953</u>

\*The 1988/89 figure includes a refund of £36,503 in respect of an overcharge on VAT and superannuation. This has yet to be received.

5. Other operating payments

	1989/90 £	1988/89 £
Rent and rates, maintenance, cleaning, heating and lighting	504,485	370,224
Professional fees (accounts, barristers and solicitors)	89,680	53,400
Travelling and subsistence	160,117	152,250
Petty cash	344	360
Postage and telephones	28,432	26,052
Stationery and office supplies	18,821	22,526
Publications	1,830	2,165
Hospitality	557	363
Computer	6,804	1,277
Central services from Home Office	18,785	17,876
Audit fee	6,923	8,464
	<u>836,778</u>	<u>654,957</u>

6. Other receipts

*Receipts*

Bank interest	55,406	36,097
Refund of VAT overcharges in 1987/88, 1988/89	94,482	0
	<u>149,888</u>	<u>36,097</u>

#### 7. Receipts surrendered to Home Office

Fees received by the Board in respect of licensing certificates issued under sections 19 and 27 of the Gaming Act 1968 and certain other provisions are paid over to the Home Office for appropriation in aid of Class XI, Vote 3. Other fees receivable under the Gaming Act are collected by Justices Clerks of Licensing Justices (Licensing Courts in Scotland) and paid over to the Home Office for surrender to the Consolidated Fund. Although receipts from the latter fees are not shown in these accounts, the estimated amount receivable in 1989/90 stated in the Board's latest memorandum trading account is £2,244,530. Details of fees received by the Board are as follows:

	1989/90 £	1988/89 £
Section 19 certificates	227,318	142,291
Section 27 certificates	295,620	200,150
Lotteries & Amusements Act	157,061	106,084
National Bingo Game	70,000	0
Miscellaneous minor items	5,105	1,922
	<u>755,104</u>	<u>450,447</u>

#### 8. Balance at Year End

	£	£
Cash at Bank	286,015	447,115
Cash held at offices	11,860	11,675
	<u>297,875*</u>	<u>458,790</u>

\* This balance includes £91,157 of which part remains to be surrendered to the Home Office and the remainder is held against applications which have yet to be determined.

# Appendix IV

## LIST OF AREAS IN WHICH THE LICENSING OF CLUBS FOR GAMING OTHER THAN BINGO IS PERMITTED SHOWING THE NUMBER OF LICENSED CLUBS OPERATING ON 1 APRIL 1989 AND 31 MARCH 1990

### ENGLAND

	1 April 1989	31 March 1990
London	21	21

That area which is within the area specified in the Licensing (Metropolitan Special Hours Area) Order 1961—plus the City of Westminster and the Royal Borough of Kensington and Chelsea.

### THE AREAS OF THE FORMER COUNTY BOROUGH, NON-COUNTY BOROUGH AND URBAN DISTRICTS OF:—

	1 April 1989	31 March 1990
Birkenhead	1	1
Birmingham	5	5
Blackpool	2	2
Bolton	2	2
Bournemouth	4	4
Bradford	2	2
Brighton	2	2
Bristol	3	4
Coventry	3	3
Derby	2	2
Dudley	—	—
Great Yarmouth	2	2
Hove	1	1
Huddersfield	1	1
Kingston upon Hull	1	1
Leeds	4	4
Leicester	2	2
Liverpool	3	3
Luton	2	2
Lytham St Annes	—	1
Manchester	5	5
Margate	2	2
Newcastle upon Tyne	3	3
Northampton	1	1
Nottingham	2	2
Plymouth	2	2
Portsmouth	3	3
Ramsgate	1	1
Reading	2	2
Ryde	—	—
Salford	1	1
Sandown/Shanklin	1	1
Scarborough	1	1
Sheffield	3	3

	1 April 1989	31 March 1990
Southampton	1	2
Southend-on-Sea	2	2
Southport	1	1
Stockport	1	1
Stoke-on-Trent	1	1
Sunderland	1	1
Teesside	1	1
Torbay	1	1
Walsall	—	—
Warley	—	—
West Bromwich	—	—
Wolverhampton	1	1

#### WALES

##### THE AREAS OF THE FORMER COUNTY BOROUGHS OF:—

	1 April 1989	31 March 1990
Cardiff	2	2
Swansea	2	2

#### SCOTLAND

##### THE AREAS OF THE FORMER COUNTIES OF THE CITIES OF:—

	1 April 1989	31 March 1990
Aberdeen	2	2
Dundee	2	2
Edinburgh	4	4
Glasgow	4	4
<b>Total</b>	<b>116</b>	<b>119</b>

# Appendix V

## INCREASES IN GAMING FEES

	From 1 April 1989	From 1 April 1990
	£	£
<i>Casino licences</i>		
Grant	28,000	29,000
Renewal	6,000	6,250
Transfer	5,500	5,800
<i>Bingo licences</i>		
Grant	2,250	2,350
Renewal	850	870
Transfer	650	700
<i>Registration of club or institute</i>		
Part II	145	155
Renewal of registration	70	75
Part III	75	80
Renewal of registration	45	48
<i>Issue of machine certificate</i>		
Certificate under section 27	2,250	2,350
Renewal of certificate	870	920
<i>Issue of employee's certificate of approval</i>		
Certificate under section 19	35	42











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