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**Report of the
GAMING BOARD FOR
GREAT BRITAIN
1993/94**

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**REPORT OF THE GAMING BOARD
FOR
GREAT BRITAIN 1993/94**

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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-fifth report of the Gaming Board for Great Britain covering the period 1 April 1993 to 31 March 1994.

LADY S LITTLER
Chairman

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1 : Introduction and General

Introduction

1. This is the twenty-fifth Annual Report of the Gaming Board for Great Britain since it was established by the Gaming Act 1968. While the general format of the Report is similar to that in recent years, the opportunity of this twenty-fifth anniversary is being taken to include a new chapter giving an overview of the Board's responsibilities and how it carries these out. This new chapter (chapter 2) also represents part of the Board's response to the Government's citizen's charter initiative which encourages greater openness wherever possible by public bodies.

Size of the industry

2. The industry which the Board regulates under the Gaming Act 1968 (casinos, commercial bingo and the supply of gaming machines) is a very substantial one. There are 118 casinos currently open in Great Britain, more than in any other European country with the exception of France. Unlike nearly every other country, casino gaming is available in all major population centres. London has 21 casinos; Paris, New York and Washington have none. Drop (i.e. money exchanged for chips) was £2.2 billion in 1993/94: operators retained about 18.5 per cent of this at £400 million.

3. Great Britain has nearly 1,000 commercial bingo clubs with total stakes amounting to £787 million in the year to August 1993.

4. Nearly 250,000 gaming machines are sited around the country in a large number of different locations. The coin machine industry's trade association (BACTA) estimates that some £ 9 billion is fed into these machines with some £1.4 billion retained by suppliers and site owners.

5. The Board also regulates the larger society and all local authority lottery schemes which had a combined total ticket sales of about £43 million in 1993/94.

6. A selection of key industry and Board statistics is given in Appendix 1.

The need for regulation

7. As is emphasised in chapter 2, gambling is an activity in which the only product which changes hands is money and as a consequence, if not properly controlled, is susceptible to dishonesty. The events of the 1960s in this country, when a measure intended to provide a relatively small relaxation in the controls surrounding gaming resulted in an uncontrolled proliferation of casinos and other gaming with attendant malpractices and criminal involvement, and current concerns about the links between organised crime and gaming in some of the former Communist countries are illustrative of the problems which can occur. All developed countries therefore regulate gambling, on both criminal and social policy

grounds. In Great Britain, this regulation is achieved for gaming through the 1968 Gaming Act and for society and local authority lotteries through the 1976 Lotteries and Amusements Act.

Pressures for changes to the 1968 Act

8. The 1968 Gaming Act has been very effective in bringing stability and control to gaming in Great Britain. But there has been little substantive amendment to the Act since it was passed and there are inevitably pressures to bring a 25 year old piece of legislation up to date. These pressures have been reinforced in the last couple of years by two factors. First, the introduction of the National Lottery is perceived by the gambling industries as a threat to their businesses as it will be competing with other forms of gambling to a greater or lesser extent. Further, the promotion and stimulation of gambling necessary if the Lottery is to be a success is regarded as difficult to reconcile with the Government's established policy, under which the Board operates, that the demand for gambling should not be unduly stimulated. The plans for the Lottery have therefore led to pressures from the various industries involved in gambling for relaxations in the regulatory regime applying to them in order to protect their competitive position. Secondly, the Government's general support for deregulation has led to requests from the gambling industries for the removal of regulations which they believe to be outdated, intrusive and unnecessary.

9. The Board has received submissions from each of the three trade associations in gaming with which it deals seeking its support for proposed regulatory changes. For instance, both the British Casino Association (BCA) and the Bingo Association of Great Britain (BAGB) would like to see relaxations in the club membership requirements, in the rules relating to advertising and in the restrictions on gaming machines. BACTA would like to see the introduction of an all-cash amusement-with-prizes gaming machine.

The Board's position

10. The Board has made its own position clear to the three trade associations. In Great Britain, thanks to a broadly satisfactory legislative framework and vigilant and effective regulation, the gaming industry meets the three main objectives of regulation. It is by and large crime-free and operates fairly and within the law; the players know what to expect, can be confident that they will get it and will not be exploited; and children and vulnerable people are protected. The Board is broadly content with the current regulatory regime.

11. However, the Board has a duty to advise the Home Secretary on developments in gaming so that the law can respond to change. It has told the associations that it will consider sympathetically proposals for change which reflect the social and economic situation of today, as long as these proposals are consistent with the Government's stated policy for gaming, rather than speculation about what future policy might, or should, be in the light of the National Lottery. In this latter regard, the Government has made it clear that the principal purpose of the National Lottery is to raise money for good causes, not to provide a new form of commercial gambling. Further, the Government seems to be taking the view that many of the existing controls on commercial gambling remain justified: there is no evidence of a major shift in the established policy that commercial gambling should not be unduly stimulated.

12. Reflecting all this, the Board has made it clear that it will not support or advance changes which attack the heart or structure of the 1968 Act and the policy on which it still rests. Further, because changes in gaming regulation are not just a matter concerning the industry but have widespread social consequences, the Board believes that if the Government were minded to undertake fundamental changes, it should only do so after widespread consultation going beyond the industry, the Board and Government itself.

13. In line with this approach therefore, the Board has been able to indicate for instance that it is sympathetic with, and would support in principle, proposals concerning:

- increases in the number of, extensions to the types of and increases in maximum payouts for gaming machines in casinos;
- the introduction of new bankers games for casinos;
- extensions to permitted liquor licensing laws for casinos;
- changes in permitted areas for casinos to reflect population shifts;
- the introduction of "jackpot" prizes for the National Bingo Game;
- an increase in the number of jackpot gaming machines permitted in bingo clubs from two to four;
- the introduction of an all cash amusement-with-prizes gaming machine in adult environments.

The Board would not support:

- changes to the membership requirement by abolishing the 48-hour waiting rule for casinos and the 24 hour rule for bingo clubs;
- proposals to permit widespread advertising of gaming;
- abolition of controls on permitted charges by bingo clubs.

Lotteries

14. As described in last year's Report, the Board welcomed the amendments to the 1976 Lotteries and Amusements Act which were contained in the 1993 National Lottery etc Act. These will, on the one hand, simplify, relax and clarify the rules applicable to lotteries and, on the other, improve the controls over an activity which is susceptible to fraud by, for example, the requirement that lottery managers must have a Board certificate confirming that the Board is satisfied that the person is fit and proper to manage a lottery.

15. The Board did however make it clear last year that it was disappointed that certain other changes had not been taken on board. In particular, the Board had hoped that the

opportunity would be taken to address its concerns about the proliferation of so called "skill competitions" in which skill in practice plays only a minimal part and which are often conducted by means of premium rate telephone lines. The Board's concerns about these competitions, which are in reality little more than lotteries conducted for commercial purposes or gain, continue to grow. The prizes on offer are steadily becoming more attractive and valuable whilst the cost of the telephone call to enter can be substantial.

Board resources

16. In last year's Report, the Board drew attention to its concerns about the resources available to its Inspectorate in London and in respect of gaming machines. As described then, the Board's London Inspectors have been faced with an increasingly heavy workload, partly because of increased enquiries necessitated by applications for continuance of certificates of consent in consequence of the Gaming (Amendment) Act 1990 -for which at present no fee is charged- and partly because of major investigations. The position is likely to be exacerbated by the introduction of the code of practice relating to money laundering described in chapter 8; the bulk of the responsibility for ensuring compliance with the code is likely to fall on the London Inspectorate. The Board also remains concerned about the burden of work falling on its single Specialist Machines Inspector who liaises with manufacturers and suppliers, examines new (and more complex) designs of machines and advises the Board and Government departments on gaming machine issues. The Board does not regard it as acceptable to have a single machines inspector for an industry in which, on its own estimates, turnover exceeds £9 billion. The Board asked the Home Office to approve three additional Inspector posts, at an additional cost of about three per cent of its budget of about £3 million a year. Whilst the Board understands the current severe constraints on public expenditure, it was nonetheless disappointed that its modest request was refused for 1994/95. It has therefore re-submitted its bid and hopes that it can be viewed sympathetically given its concerns and the fact that the extra monies would be recovered through fees and therefore would not be a direct burden on the taxpayer.

17. The Board also remains concerned about the amount of time staff spend dealing with questions from the public about lotteries and related matters for which it has no responsibility simply because the law is not clear and there is no other source of information to which people can turn.

18. The Board regards it as unsatisfactory that its work on applications for continuance of certificates of consent and on general lottery questions is being financed by the fees received from other work and has drawn this to the attention of the Home Office. It believes that, in particular, it was an oversight that the Gaming Amendment Act 1990 did not prescribe a fee for continuance applications and would wish to see such a fee introduced when a legislative opportunity arises.

Companies or individuals involved in liquidated or bankrupt businesses

19. During the course of the year, the Board became concerned about cases coming before it where a new company applied for one of its certificates in circumstances in which that

company had been established under a new name, but with the same or very similar management, to carry out the same functions as a previously liquidated or bankrupt company. The old company had various unpaid creditors who had little or no prospect of payment whilst the assets of that company on occasions had been transferred to the new one. The Board has taken the view that such companies sometimes known as "phoenix companies" are, prima facie, unlikely to be fit and proper to hold one of its certificates, in particular because the restructuring is likely to reflect previous mis-management or even possibly intent to defraud. In future in all such cases, the Board will make it clear, both at an early stage of enquiries into the application and in any interview letter, that the onus is on the applicant company to demonstrate to the Board that, despite the circumstances suggesting otherwise, it is fit and proper to hold the certificate sought. Likewise, the Board takes the view that any individual who has been involved in a liquidation or receivership in which creditors remain unpaid is unlikely to be fit and proper to hold a certificate either in his or her own right or as part of a certificate holding partnership or company.

2 : The organisation and work of the Board.

Introduction.

20. This new chapter is being included in the Board's twenty-fifth Report in order to give an overview of the Board's responsibilities and how it carries these out. Some of the material is new whilst other parts repeat and update information included in previous years. This is a brief summary and should not be regarded as a substitute for reading the relevant legislation and caselaw.

Why gaming is regulated and the objectives of regulation.

21. Gambling is an activity in which the only product which changes hands is money. All commercial gambling is therefore cash generating and cash circulating and as such is susceptible to criminal involvement (for example through money laundering) and can be addictive to individuals. Excessive gambling can cause misery to individuals and their families. As a consequence, gambling is regulated in all developed countries and, whilst the nature of the regulatory system varies from one country to another, the Board believes that the following objectives are common to them all:

- permitted forms of gambling should be crime-free (both in terms of those who operate them and the players they attract), conducted in accordance with regulation and honest;
- players should know what to expect and be confident that they will get it and should not be exploited;
- there should be some protection for children and vulnerable persons.

Although these general principles underlie all gambling controls, they are usually applied in different degrees to different forms of gambling. For example, casino gaming is more vulnerable to abuse by criminals and large amounts of money may be lost very quickly. It represents the "hardest" form (in the sense of vulnerability to abuse and of its dangers to the individual) of gambling and so it is the most tightly regulated in Great Britain, as in other developed countries where it is permitted.

The legislative framework in Great Britain.

22. Reflecting these concerns, Parliament has decided that gaming (casinos, bingo clubs and gaming machines) should be strictly regulated in the interests of the public. The 1968 Gaming Act established the system of statutory regulation and control for gaming.

23. The 1968 Act enables gaming to be carried on legally by commercial operators for profit within a regulated system which does not stimulate the demand for gaming. Among the key elements in the Act's success - in controlling the abuses which had followed the inadvertent deregulation of gaming in the 1960's - have been: the requirement that casinos and commercial bingo operations should be genuine clubs; the certificate and licence

procedures; the prohibition of gaming on credit; and the creation of a dedicated regulatory body for the industry in the Gaming Board. The Board was established under section 10 and Schedule 1 of the Act as a body corporate independent of Government, with wide powers to regulate and monitor gaming.

24. The Act, as amended, with its related Regulations, therefore sets out the system under which the Board regulates and within which the industry operates. The legislation is complex and detailed and it is for the courts to interpret the law. Nonetheless certain aspects are worthy of emphasis. The system is by design a restrictive one. It is to be regarded as a privilege to hold a certificate or licence to operate in gaming : for instance, only those operators who are considered fit and proper by the Board may hold a certificate of consent and apply for a licence to operate a casino or bingo club, and many employees in gaming are also required to hold Board certificates that they are fit and proper to carry out their responsibilities. Moreover, if the Board grants a certificate of consent, it may offer advice to licensing justices against granting, or object to the grant of, a licence if it considers that existing facilities in the area are sufficient to meet demand.

25. The Act gives the Board considerable powers to carry out its statutory duties. The Board's Inspectorate have powers of entry into licensed premises and to inspect documents. The criminal records of those engaged in gaming and lotteries are checked with the police and the provisions of the Rehabilitation of Offenders Act 1974 in relation to spent convictions do not apply in respect of applicants for Board certificates. The Act does not require the Board to give reasons for its decisions or to reveal sources of confidential information; and it does not provide an appeal mechanism against Board decisions. However, the Act prescribes in detail the criteria to which the Board should have regard in reaching decisions. Moreover, the Act lays on licensing justices the power of granting and taking away licences and on the police the responsibility for enforcement in respect of criminal offences. The Board is not a prosecuting authority. The Board's decisions are, of course, subject to judicial review.

26. The Lotteries and Amusements Act 1976 established the regulatory and control systems which apply to lotteries. It enables lotteries to be carried on by societies to assist good causes and by local authorities provided that statutory limits on sales, prizes and expenses are not exceeded. The Board itself is only concerned with the regulation of the larger society lotteries and those lotteries promoted by local authorities: local authorities themselves in turn regulate the smaller society lotteries. As described in chapter 7, the 1976 Act has been amended significantly by the National Lottery etc Act 1993 which, among other changes, introduced a requirement for lottery managers to be certificated by the Board. The National Lottery itself is to be regulated by the Director General of the National Lottery.

The Board's functions and objectives.

27. The purposes for which the Board has its statutory functions under the 1968 and 1976 Acts can be summarised as follows:

- to ensure that those involved in organising gaming and lotteries are fit and proper to do so and to keep gaming free from criminal infiltration;
- to ensure that gaming and lotteries are run fairly and in accordance with the law;

- to advise the Secretary of State on developments in gaming and lotteries so that the law can respond to change.

28. In pursuit of these purposes the Board:

(i) in respect of gaming,

- determines applications for certificates of consent without which an application cannot be made for the grant or transfer of a casino or commercial bingo licence;
- determines applications for continuance of certificates of consent held by casino operating companies where there has been a change in the control of the licence-holding company to the extent of 15 per cent or more of the voting power;
- determines applications for certificates of approval required by those who wish to be employed to operate, supervise or manage the gaming;
- determines applications for the grant of certificates to sell, supply and/or maintain gaming machines;
- supervises the conduct of holders of certificates and licences and takes action against those no longer considered fit and proper;
- makes representations to licensing authorities concerning the grant, revocation or renewal of gaming licences;

(ii) in respect of lotteries,

- determines (with effect from May 1994) applications to the Board for the registration of societies and local authority lottery schemes;
- determines (with effect from October 1994) applications for certificates from lottery managers;
- supervises the conduct of registered lottery schemes and societies and takes action against those which have not conducted lotteries properly;
- supervises the conduct of lottery managers and takes action against those no longer considered fit and proper.

(iii) and in general,

- keeps under review the extent, character and location of gaming and lotteries in general and in licensed premises in particular, including public attitudes;
- makes recommendations to the Secretary of State regarding hours, charges and prizes in respect of gaming and monetary limits in respect of lotteries;

- initiates proposals for changes in the law and regulations on gaming and lotteries and advises Ministers on proposals from interest groups;
- maintains close contact with the gaming industry's trade associations with a view to informing itself about developments in the industry and encouraging the issue of appropriate codes of conduct and other co-operation in pursuit of the Board's aims;
- maintains close contact with gaming regulatory authorities abroad to inform itself of relevant developments.

29. In carrying out its statutory duties, the Board seeks to ensure, so far as possible, that:

- the interests of the public are protected and that players understand what they are being offered when they game;
- licence and certificate holders in the industry understand what is required of them;
- applicants, licence and certificate holders are treated impartially and with equal fairness;
- the Board's requirements and guidance do not impose unnecessary work or costs on the industry;
- the work of the Board is carried out professionally, promptly, fairly and courteously.

The Board: its composition and staffing.

30. The Board consists of a part-time Chairman and four other part-time members. There were no changes in the Board members during 1993/94. The Board is serviced by secretariat staff and its Inspectorate. Secretariat staff are civil servants seconded from the Home Office: the average number in post full time was 42 during 1993/94. Inspectorate staff are employed by the Board and numbered 35 during 1993/94. Specialist legal and accountancy advice is sought from outside consultants as and when required.

31. The Board's Inspectorate is arranged into five regions: South East England; South West England and South Wales; North of England and North Wales; Midlands; and Scotland and North East England. The individual regions are responsible for inspecting and monitoring certificate and licence holders in their regions and for dealing in the first instance with any problems or difficulties that arise. Their work is supervised and co-ordinated by the Chief Inspector and his Deputy at Board headquarters in London. The Specialist Machines Inspector is also located in London. (See also chapter 8). Secretariat staff are all located at the Board headquarters and are organised into separate sections covering casino gaming, bingo, certification of gaming employees, gaming machines, lotteries, management services and finance. Addresses, and telephone and fax numbers of the Board's headquarters and regional offices, together with the names of senior staff, are given in Appendix II.

32. The total cost of the Board's operations, including the salaries and other expenses of the Board members, amounted to £3.1 million in 1993/94. The Board is required to cover its expenditure through the fees charged for certification and licensing (see paragraph 43 below).

The Board's procedures

33. As described in paragraph 28, the Board determines applications made to it for certificates of consent needed by casino and bingo licensees, for certificates relating to the sale, supply and maintenance of gaming machines, and for certificates of approval for gaming employees. In each case, it can either grant or refuse the application and it subsequently has powers of revocation if concerns arise about the activities and behaviour of the certificate holders. Although the precise tests in the 1968 Act vary to some extent between categories with the criteria for revocation of an existing certificate, being more stringent than the criteria for the refusal of a new certificate, they are generally ones which examine whether, in the Board's opinion, the applicant is fit and proper and is likely to be capable of and diligent in undertaking the responsibilities concerned. The Board can also object to the grant or renewal of the gaming licences granted by licensing justices in respect of casinos and bingo clubs and it advises the justices on the demand for new facilities.

34. Societies wishing to promote larger public lotteries are required to register with the Board. Likewise local authorities wishing to run public lotteries must register their schemes with the Board. Again the Board can either grant or refuse an application for registration and may revoke a registration once granted. Refusal or revocation can occur on one or more of certain specified grounds, including whether any lottery promoted on behalf of the society or local authority in the previous five years has not been properly conducted and (from May 1994) whether any person connected with a relevant lottery has been convicted of an offence involving fraud or dishonesty. Those whose certificates are refused or revoked can apply in most circumstances to the Home Secretary for a review of the decision.

35. All decisions relating to certificates of consent are taken by a panel consisting of three or more Board members (except that the Chairman has delegated powers to grant certificates in certain technical or straightforward cases). In addition, any decision to refuse or revoke a certificate or registration or to object to a licence is also taken by a panel of Board members. Otherwise, Board staff have delegated authority to grant certificates or registrations. Usually this is done on the basis of information provided on the relevant application forms or in other supporting documentary evidence. However, re-applicants for certificates of approval after revocation and first-time applicants for certificates to act as casino or bingo managers are usually interviewed either by the Board's Inspectorate or by a panel consisting of a Senior Inspector and a senior Board official (as will be most future applications for the new certificates for casino executives). If this panel recommends refusal, the papers are referred to all five Board members for confirmation. The Board carries out checks of criminal records with the police for applicants where appropriate.

36. Cases to be dealt with by panels of Board members are prepared jointly by officials and the Inspectorate. With the exception of decisions to object to a licence where the Board's case must be presented to the licensing justices, officials write to the applicants or certificate or registration holders stating the matter to be decided and the issues which the

Board wishes to address and giving them the opportunity of making written representations or appearing personally before the panel to respond to those issues. It is made clear that the Board will not wish to reach a decision on an application for a certificate of consent without the opportunity of interviewing the applicants. In other cases, for example those involving potential revocation of Board certificates or registrations, if written representations are made but no interview is requested or if no response is received to the letter informing the person that and the reasons the Board is minded to revoke the certificate or registration, the relevant papers are put before all five Board members. If a unanimous view is not obtained on the papers, the case is discussed and decided at the next monthly Board meeting.

37. Board panels at interviews normally consist of three members, although all five members may be present at major cases involving certificates of consent. The panel makes clear to the applicants or certificate or registration holders the purpose of the interview and the subject matter or areas of concern (though the source of confidential information may need to be protected). The panel establishes with the applicants or certificate or registration holders the facts which are material to the decision and gives them a full opportunity to respond to each issue of concern and to make a statement at the end of the interview. Although the interview is essentially between the panel and the applicants or certificate or registration holders, the latter may be accompanied by advisers, whether legally qualified or otherwise, if they so wish and these advisers may comment on points at issue and are also given an opportunity to make a statement. The decision of a three-member panel may be given at the end of the interview or reserved for consideration and later communication in writing. If there are particular points to be followed up, the applicant will be told what they are. If the decision of the three-member panel is not unanimous, it will be reserved for discussion and decision at the next Board meeting.

38. The Board considers policy issues and matters on which it wishes or is requested to provide advice to Ministers at its monthly Board meetings. It has a regular programme of meetings with trade associations. It promulgates its views and advice and the reasons for them as appropriate, and summarises them in the Annual Report. To the extent that the Board gives confidential advice to the Home Office in connection with Government policy decisions, it is for the Home Office to promulgate this if it considers it appropriate.

Performance by the Board of its functions

39. The first priority of the Board is the efficient and effective performance of its statutory functions described in paragraph 27 above. These include important elements which are not susceptible to measurement since they either involve the Board's investigative and policing role or relate to the structure and standard of regulation in the industry. Examples over the last year and described in more detail elsewhere in this Report include: the introduction of Board certificates for casino executives; discussions on the proposed code of practice for casinos on money laundering; the difficulties over enriched periods in gaming machines; and the examination of proposals for relaxations in the regulatory regime such as the introduction of an all-cash Amusement-with-Prizes Machine (AWP).

40. Nevertheless the Board has set performance targets for some of the regular duties carried out by its staff in return for fees. These targets and performance achieved against them are described in the following table:

Table 1

SECTION	TARGET	% ACHIEVED
Casino Section		
determination of certificate of consent applications	within 4 months of receipt	23
Bingo Section		
determination of certificate of consent applications	within 8 weeks of receipt	66
Certification Section		
issue of certificates of approval to first time applicants	within 6 weeks of receipt	87
Machines Section		
determination of applications for new certificates	within 3 months	72
processing of renewal applications	before expiry date	89
Lotteries Section		
determination of applications to register lottery schemes	within 1 month	73

41. It will be seen from these that, with the exception of casino certificate of consent cases, a high proportion of cases is completed within the targets set. Where targets are not achieved, the reason is usually delay by applicants in the supply of information needed by the Board and is therefore not within the Board's control. As for casino certificates of consent, there are relatively few cases and figures can get distorted. In particular, difficulties arise with applications in respect of casinos where complex and detailed investigations, often involving enquiries overseas, can extend well beyond the time required for more routine cases. The Board has an interim target that initial enquiries in casino cases should be commenced within two weeks of receipt of the application and 83 per cent of these enquiries were made within this period. However progress is then dependent on how long it takes the

other authorities and the applicant to provide the Board with what is required. Also, these enquiries frequently lead to further information being sought, and it is often the information which is the most difficult to obtain which is the most significant. The Board is mindful of the need to resolve applications, in particular some certificate of consent applications, within a reasonable time and may, after giving due notice to the applicant, proceed to a decision on the available information if it considers that the applicants are delaying matters unreasonably.

42. The Inspectorate's work and its visiting and inspection programme are described in chapter 8.

Fee levels

43 The Board is financed by grant-in-aid set by the Home Office. It is required to cover its expenditure, including the costs of its Inspectorate in their regular work of supervision of, and investigation of, matters relating to casinos, bingo clubs, etc, through the fees charged for certificates and licensing. The fees charged also reflect the estimated costs to the police and of supporting licensing justices in relation to their involvement in the control of gaming. Having considered the anticipated levels of applications for certificates and licences for 1994/95 alongside the grant-in-aid which the Home Office will make available to the Board, the Home Office has decided that no increase should be made in the levels of fees to be charged for gaming certificates and licences for 1994/95. This is the second consecutive year in which these fees have been unchanged. A new scheme of lottery fees has been introduced from 3 May 1994 to reflect the changed arrangements for society and local authority lotteries introduced by the National Lottery etc Act 1993. The current levels of gaming fees are set out in Appendix V and of lottery fees in chapter 7.

Audits and inspections

44. The Government requires that executive Non-Departmental Public Bodies (NDPBs) such as the Board should be reviewed every five years by their sponsoring Department. Management Advisory Services of the Home Office carried out the first such review of the Board in the latter part of the 1993/94 financial year. The Review concluded that there was a continuing need for the regulation which the Board provides and that this need was best met by the Board as a NDPB. A number of recommendations, in particular concerning the nature of the relationships between the Home Office and the Board, are under consideration.

45. The final stage of the five year rolling review of the Board's management systems by internal auditors was completed. They examined the work of the Inspectorate, in particular their procedures and controls. Consideration is being given to whether there should be any changes in the form of the review programme in the light of experience over the first five year period.

46. The National Audit Office undertook the audit of the Board's accounts for 1993/94 in May 1994. The audited accounts are given in Appendix III to this report.

Consultation and communication with the industry

47. The Board considers that a proper distance should be maintained between a regulatory body and individual licensees and certificate holders in the regulated industry. However, the Board has regular discussions with trade associations about matters of common concern. As described in other chapters, its officials have met sub-committees of the British Casino Association in the last year to discuss proposed changes in industry guidelines, guidance on action to prevent money laundering and proposals for changes to the permitted casino games. A joint Gaming Board and Bingo Association of Great Britain working party meets quarterly. The Board discussed with BACTA, the trade association for the coin-operated amusement machine industry, proposals for an all cash Amusement with Prizes gaming machine and problems over enriched periods in machines.

48. The Board regards its dealings and interviews with individual operators, companies and individuals, including compliance failures, as confidential except to the extent that particular action is required e.g. with the licensing justices or the police and prosecuting authorities. Points of general concern may be raised subsequently with trade associations.

Guidance to operators

49. The Board provides all applicants for its certificates or registrations with forms and accompanying notes of guidance detailing the information which it requires to determine those applications. These application forms are designed to be as clear and helpful as possible and have been revised and updated in the last year. The new forms are much more comprehensive than the old and should enable the Board to be provided at an early stage in any application with more of the information it needs to carry out its statutory duties. The Board's officers will answer any queries raised in relation to its requirements either by letter or telephone. When requested, senior officers will meet applicants or potential applicants for certificates of consent for casino or bingo licences, to discuss and explain the fairly complicated and thorough vetting system provided by the legislation. Likewise, when requested, Board officers are ready to meet and advise those seeking to register lottery schemes with it.

50. The Board provides an annual memorandum of advice to justices responsible for licensing casinos and bingo clubs, so that both justices and the industry are aware of the Board's views on issues relevant to those licences. This memorandum relates in particular to the matters on which Schedule 2 to the 1968 Act provides for the Board to give such advice, that is the demand for gaming facilities, the places in which gaming facilities are provided, the suitability of premises and restrictions to be attached to licences. Copies of the advice can be obtained from the Board's headquarters at the address in Appendix II.

51. The Board agrees guidelines with the relevant trade associations which are normally promulgated by the associations. These provide guidance on areas in which the legislation is considered to be insufficiently clear, on interpretation of the law where that is considered necessary and on standards and principles which the Board regards as defining acceptable practice. Such guidelines do not have legal force but they do set out principles to which the Board expects the industry to adhere. Hence, while failures to follow the provisions of the guidelines may not of themselves be offences in law, the Board believes that such failures can legitimately be taken into account in assessing whether certificate and licence

holders have acted in a fit and proper manner. In addition, the various trade associations have their own codes of conduct for members.

52. The main guidelines now in operation are:

Casino gaming

BCA Guidelines No.1 - Acceptance of Cheques
BCA Guidelines No.2 - Club Activities.
BCA Guidelines No.3 - Competitions in Card Rooms
Gaming Board Accounting Guide for Gaming Clubs

Bingo

BAGB Mechanised Cash Bingo (MCB) Code of Conduct

Gaming Machines

Guidelines for Enforcement Policy for both Amusement-with-Prizes and section 31 (jackpot) machines, including subsequent supplements and notes on features.
Reference Document on Gaming Machine Features, with subsequent supplements.
Procedures for dealing with machine features which the Gaming Board considers to be in contravention of the spirit of the Guidelines or which incorporate developments (agreed as undesirable by BACTA) not envisaged by the Guidelines.

53. The Board has prepared a booklet on "Lotteries and the Law" which is available free of charge to societies and local authorities responsible for, or thinking of, promoting lotteries under the 1976 Lotteries and Amusements Act. This booklet is designed to provide a plain guide to the main requirements of the lottery law. It can be obtained from the Board's headquarters at the address in Appendix II.

Conduct of Board's staff and the Inspectorate, including the handling of complaints

54. The Board's staff are expected to act professionally, courteously and, so far as is consistent with performance of their regulatory duties, helpfully. They will identify themselves by name at any time. Members of the Board's Inspectorate have powers of entry to premises licensed under the Gaming Act: they carry warrant cards which they will show on request when entering licensed or any other premises.

55. As mentioned earlier, the Board's staff will offer advice to existing or potential certificate, registration and licence holders. The Board's Inspectorate discuss problems and other issues with licence holders during their regular monitoring and inspection visits. All staff will answer telephone enquiries as far as they are able at the time they are received: if they need to obtain further advice first, they will undertake to call back. Replies to written enquiries, other than those relating to particular applications which are handled within the arrangements for such casework, are normally sent within 20 working days. No charge is made for the provision of advice.

56. Complaints concerning the actions or advice of the Board's staff are rare. Where problems do arise, the Board expects that in most cases the matter will be capable of resolution by further discussion between the complainant and the person concerned or an immediate superior. Where this does not resolve the matter and the complainant wishes to lodge a formal complaint, that should be sent in writing to either the Chief Inspector, in the case of Inspectorate staff, or the Secretary to the Board, in the case of other staff, at the headquarters address given in Appendix II. The Secretary or Chief Inspector will arrange for an investigation and reply. If the complainant remains dissatisfied or if the investigation identifies a matter which might require further action, the case will be referred to a member of the Board for consideration. The complaints system cannot however be used as a means of attempting to appeal against the merits of decisions taken by the Board itself to refuse or revoke a certificate or registration.

Contacts with other gaming regulatory bodies

57. During the year, the Board continued its contacts with regulators and others concerned with gaming throughout the world. The Board considers such contacts to be essential in producing a basis for the exchange of views and information in what is becoming an increasingly international industry. The Chairman, Secretary and Chief Inspector of the Board attended the fifth annual meeting of the Gaming Regulators European Forum in Athens in late April 1993. Representatives of 11 countries were present. The Board's Secretary remains one of the Joint Secretaries of GREF.

58. The Chairman and Chief Inspector also attended the annual conference of the International Association of Gaming Attorneys in Montreal in September 1993. A regulators' group which had been formed at the previous IAGA conference met as planned for a separate one day conference at which the Chief Inspector became the group's vice chairman. Over 60 delegates attended this meeting and the Chairman and Chief Inspector both presented papers.

59. During the year a large number of representatives from overseas governments and regulatory bodies came to see the Board. These included visits from the Bahamas, Botswana, Finland, Holland, Hungary, Lithuania, South Africa, the American states of Colorado and Nevada and the Australian states of New South Wales, Queensland and Victoria.

60. In May 1993 by invitation the Chief Inspector addressed an international conference on casino gaming in Locarno, Switzerland and returned in February to Fribourg to give evidence to the Swiss Commission on Gaming Matters. In June accompanied by one of the Board's Inspectors and a representative from the National Criminal Intelligence Service he visited Bulgaria to prepare for a consultancy report on casino gaming there funded by the Foreign Office for the Bulgarian Government. In February 1994 by invitation the Deputy Chief Inspector attended and addressed a seminar hosted by the Hungarian Gaming Board at the International Congress on Criminality held in Budapest.

3 : Casino Gaming

Number of licensed casinos

61. At 31 March 1993 there were 123 clubs licensed for gaming under Part II of the Gaming Act 1968, of which two had not begun trading and three had closed but retained their licences. During the year, the licensing justices refused to grant the renewal of the licence for one of the two premises which had not begun trading and the other club had still not opened for business at 31 March 1994. Of the three which had closed, two remained closed at 31 March 1994. The third, in Bolton, had re-opened but the licence-holding company at the same time closed and then surrendered the licence for the other casino in the town which it also owned.

62. In addition at 31 March 1993, two clubs held concurrent licences for substitute premises. One of these took up the new licence during the year and surrendered the old one. As for the other, the gaming licence granted in 1990/91 in respect of proposed substitute premises in Great Yarmouth was surrendered at the licence renewal meeting on 7 April 1994. No interested party could be found to capitalise on the local authority's three-year option on the land designated for the erection of an hotel in addition to the proposed substitute casino premises and consequently the site in question has reverted to the local authority.

63. Five new licences were issued during the reporting period. One was granted to facilitate the erection of substitute premises for a casino in London and the remaining four were granted to allow extensive refurbishment of existing casino premises. Two of the five new licences were taken up during the reporting year and the original licences surrendered.

64. As at 31 March 1994, there were 121 licensed clubs, one of which had not begun trading and two of which had closed but retained their licences. Four held concurrent licences for substitute/ extended premises, including that at Great Yarmouth surrendered shortly after.

Structure of casino ownership

65. As at 31 March 1994, of the 118 operating casinos, the Rank Organisation owned 28, Stakis 21 and the Stanley Leisure Organisation 19. Nine further licence-holding companies owned between two and six casinos. The remaining 18 casinos were owned by single licence-holders.

66. The main changes in casino ownership during the period under review were the purchase by City Clubs Ltd (later re-organised as a subsidiary of TJH Group Ltd) of two casinos in London from the Brent Walker group and the purchase by the Stakis group of the three casinos in Wolverhampton, Coventry and Northampton belonging to Victoria Casino Ltd. Brent Walker also sold their Brighton casino to an independent operator which left them at 31 March 1994 with just three casinos - one in London and two in Southend. The Stanley group also acquired an extra casino in Stoke-on-Trent from an independent owner.

On 1 September 1993 by means of a reverse takeover, Crockfords Club became owned by TVam Plc which changed its name to Crockfords Plc. All these changes of ownership necessitated the requisite licence-holding companies applying for continuance of their certificates of consent.

Informal meetings with casino operators

67. The Board has been considering the contacts it has with casino operators and has concluded that it would be valuable to hold meetings with the major operators in particular at periodic intervals (unless a consent or continuance application should necessitate a formal interview in between). The first such meeting took place on 15 November 1993.

New consent application and personal declaration forms

(Forms GB1 and GB2)

68. A new consent application form (form GB1) and a new personal declaration form (form GB2) were introduced as from 1 January 1994. As mentioned in paragraph 49, the new forms are much more comprehensive than the old ones (which had remained unchanged since 1973) and they should enable the Board to be provided at an early stage in an application with more of the information which it needs in order to carry out its statutory duties.

Cases pursued by the Board

69. Paragraph 42 of last year's Report referred to an application for continuance of its certificate of consent made by the holder of the licence for the casino in Walsall. On 17 November 1993, the Board decided to continue the certificate.

Applications for certificates of consent and their continuance

70. The total number of applications for certificates of consent or their continuance was 25 in 1993/94, six fewer than in 1992/93. Thirteen of them were continuance applications.

71. The Board received only three applications for certificates of consent in respect of new licences in 1993/94. One related to an extension of premises, another to substitute premises for an existing casino and the third was an application in respect of an additional casino. The first was granted but the other two applications were still under consideration at the end of the year.

72. Nine applications for consent to transfer licences were received in 1993/94. Two were withdrawn, one fell as a result of the sale of the issued share capital of the licence-holding company, three were granted and the licences transferred during the reporting period while three remained outstanding at 31 March 1994.

73. As mentioned above, the Board received 13 applications for continuance of certificates of consent during the period under review - one fewer than the previous year. Two were granted in the year under review and two fell as a result of a re-organisation of the share

structure of the licence-holding companies and their parent thus necessitating the making of fresh continuance applications. The remaining nine were outstanding at 31 March 1994.

74. At 31 March 1993, 14 applications were outstanding, consisting of nine continuance and five applications for new certificates. All were granted in the course of the period under review except for two of the continuance applications which were still outstanding at 31 March 1994.

75. Detailed figures on the outcome of consent and licensing applications are given in the tables at the end of this chapter.

Demand for casino gaming

76. On 28 May 1993, a company new to gaming, Grandcrest Ltd, applied for a new licence for an additional casino in London (South Westminster). It remains the Board's view that gaming facilities should meet only local unstimulated public demand as is implicit in the 1968 Act and it accordingly lodged an objection on ground of demand. A licence was refused on 30 September 1993. The applicants' appeal was heard at Southwark Crown Court from 14-21 February 1994 following which it was dismissed. The Court's reasoned judgement was issued on 8 April 1994.

77. In January 1994, Napoleons Casino in London (South Westminster) requested on renewal of their licence that their undertaking be varied to allow them 17 tables instead of 16 and to increase certain of their minimum stake limits. The Board supplied demand advice but did not make representations against the extra table. The justices allowed the extra table but refused to allow any changes in the staking limits.

78. In the same month, Grosvenor Clubs Ltd (Rank) applied for a new licence in respect of an extension of the premises of the Gloucester Sporting Club. The existing licence was subject to undertakings limiting the number of tables to 13 and setting minimum stake limits. The applicants wished to leave the stake limits as they were but to increase the number of tables to 15 by the introduction of two more American roulette tables. The Board provided demand advice to the justices and was prepared to accept the court's decision. The hearing was on 12 January 1994 when the new licence was granted and the two extra tables allowed.

Discussions with the British Casino Association.

79. Discussions continued with the British Casino Association (BCA), which represents all licensed casino operators, on a range of matters of mutual concern. These included:

- (i) the introduction of the scheme for the certification of casino executives ("white certificates": see paragraph 105);
- (ii) proposed revisions to the BCA Code of Conduct and Guidelines (see also paragraph 80 below);

- (iii) preparation of guidelines and a code of practice on money-laundering following the implementation of an EC Directive (see paragraph 192);
- (iv) BCA proposals for extensions to the range of permitted bankers' games, on which substantial progress was made with a view to possibly introducing changes during the coming year.

Status of BCA Guidelines

80. During discussions on proposed revisions to the BCA Guidelines during the course of the year, it became apparent that there might be some confusion in the industry about the view that the Board took of their status. The Board and the BCA agreed that it was important that the Board set out its line clearly for the future. Therefore the Board's Chairman wrote to Lord Harris, Chairman of the BCA, in January 1994 spelling out the Board's view of the status of those Guidelines. This is what she said:-

"BCA Guidelines"

In the early 1980s following some difficult cases, the industry was concerned that the Board had taken action against licence-holders on the grounds that particular behaviour and actions were not acceptable but those grounds were nowhere properly spelt out: the industry was confused and clarification was needed. Guidelines were then drawn up by the BCA in consultation with the Board and these Guidelines are currently being revised again in consultation with the Board. The current Guidelines were published as appendices to the Board's 1984 Annual Report and we would expect to do the same again when the revised versions are finished.

The purpose of the Guidelines, then and now, is to provide agreed guidance for casino operators on areas where the 1968 Act is silent, or is felt to be insufficiently clear. The Guidelines do not have legal force: they set out standards and principles which the Board accepts as defining acceptable practice and to which the whole industry has agreed (both within itself and with the Board) to adhere.

It follows from this that while failures to follow the provisions of the Guidelines are not of themselves offences in law, such failures can legitimately be taken into account in assessing whether persons have acted in a manner which is "fit and proper". It also follows that the Board would not take action against anyone who followed the Guidelines. Equally however the Board cannot ignore wilful and persistent breaches of the Guidelines. Those responsible for such breaches are by definition engaging in practices which may well be unacceptable to the Board and which at the least raise the issue of the "fitness and properness" of the persons concerned. The Board cannot sit back in such circumstances: it has a duty and responsibility to take appropriate action."

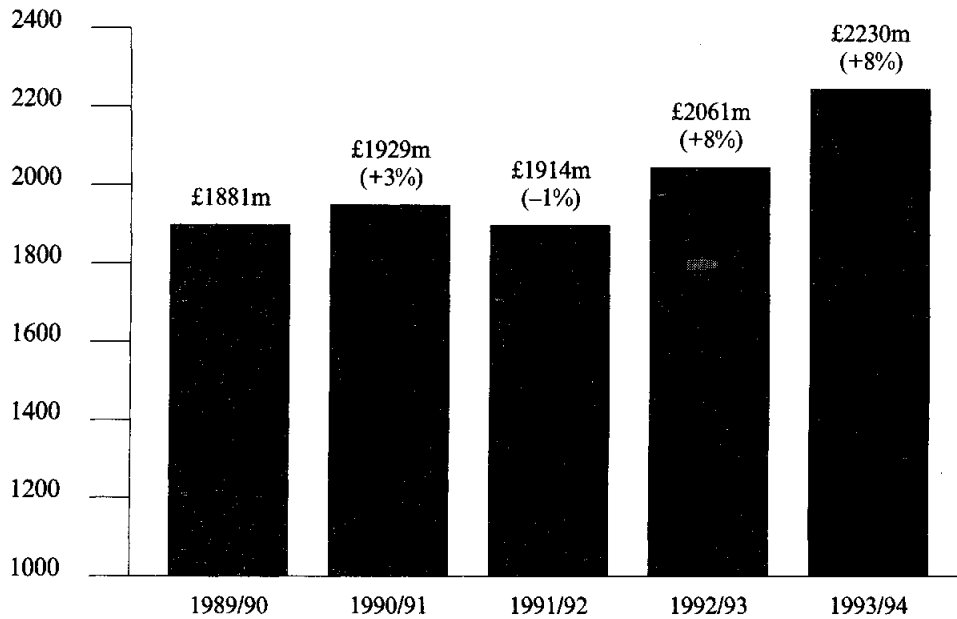
Financial performance

81. The total drop (money exchanged for chips) in casinos in Great Britain during the financial year 1993/94 was £2,230 million, an increase of £169 million on the 1992/93 figures.

The totals for the last five years are as follows:-

Table 2

DROP PER YEAR: Overall
(Change from previous year in brackets)



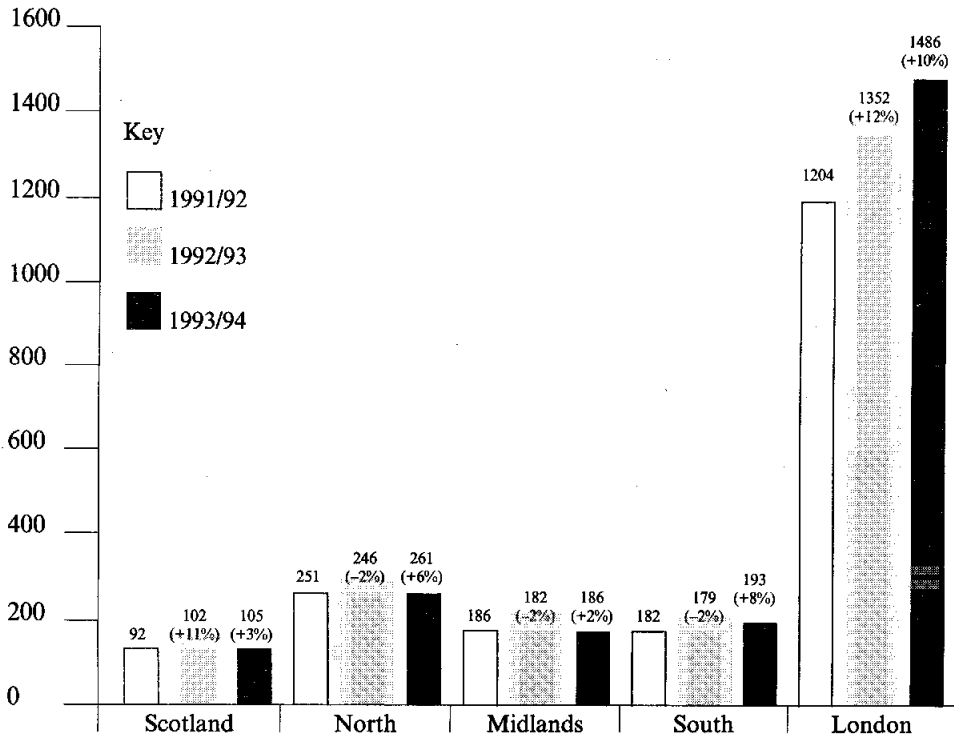
Note on Table 2

Percentage figures are correct to the nearest whole percentage.

The drop in London casinos showed an increase of £134 million for the year, while that for the provinces increased by £37 million. Approximately 67 per cent of the total drop produced by all the casinos in Great Britain occurred in the London casinos.

The drop figures by region for the last three years were:-

Table 3
DROP PER YEAR £M: By region
 (Change from previous year in brackets)



Note on Table 3

Drop figures are rounded to the nearest £1m, and the percentage change is based on the rounded figures to the nearest whole percentage.

The proportion of drop for each game for the last four years was :-

Table 4

PERCENTAGE DISTRIBUTION OF DROP BY GAME

	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>	<u>1993/94</u>
American Roulette	66.4	65.6	68.6	68.4
Punto Banco including Baccarat	13.7	13.1	11.5	12.9
Blackjack	18.3	18.4	17.3	17.6
Craps	1.4	2.4	1	1
French Roulette	0.1	0.01	-	-

Note on Table 4

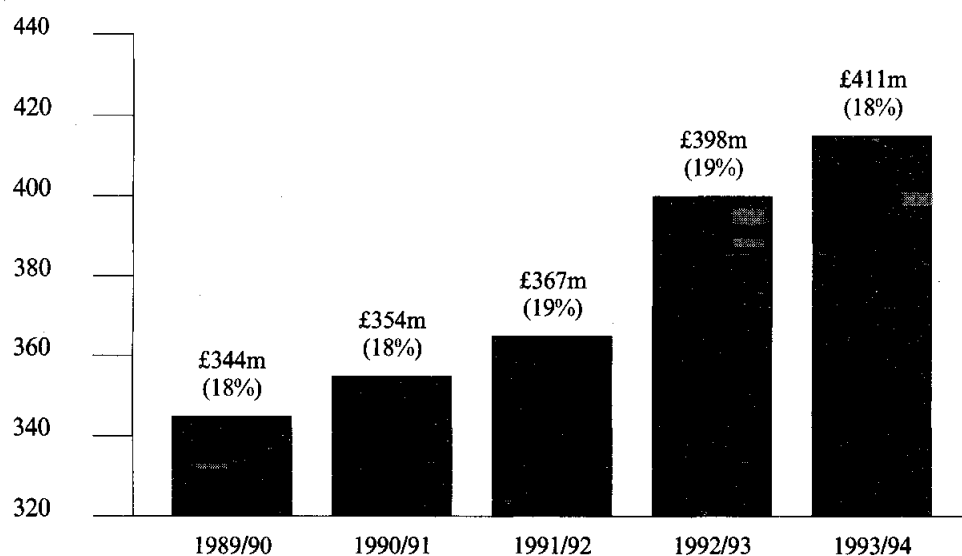
The figures for each financial year do not include the unallocated drop received at the cash desk. Table 1, however, does include unallocated drop.

There was an increase of £13 million (3 per cent) in the total retained by casinos as house win. The figures for house win over the last four years were:-

Table 5

House win: Overall

(Percentage of drop in brackets)



Note on Table 5

Figures are rounded to the nearest £1m, and percentage figures to the nearest whole percentage.

Numbers of certificates of consent and licence applications

82. The following tables show the results of consent applications made to the Board during the period 1 April 1993 to 31 March 1994 and the number and outcome of licence applications.

Table 6

OUTCOME OF CASINO CONSENT AND LICENCE APPLICATIONS 1993/94

NEW CERTIFICATES OF CONSENT

	England and Wales	Scotland	Total
Applications outstanding on 31 March 1993	5	-	5
New applications received in 1993/94	3	-	3
TOTAL	8	-	8
Certificates issued	6	-	6
Applications withdrawn	-	-	-
Applications refused	-	-	-
Applications not determined by 31 March 1994	2	-	2
TOTAL	8	-	8

Table 7

NEW LICENCES

	England and Wales	Scotland	Total
Applications outstanding on 31 March 1993	-	-	-
New applications received in 1993/94	6	-	6
TOTAL	6	-	6
New Licences issued	5	-	5
Applications withdrawn	-	-	-
Applications refused	1	-	1
Applications not determined by 31 March 1994	-	-	-
TOTAL	6	-	6

Table 8

CERTIFICATES OF CONSENT TO TRANSFER A LICENCE

	England and Wales	Scotland	Total
Applications outstanding on 31 March 1993	-	-	-
New applications received in 1993/94	8	1	9
TOTAL	8	1	9
Certificates issued	3	-	3
Applications withdrawn or fallen	3	-	3
Applications refused	-	-	-
Applications not determined by 31 March 1994	2	1	3
TOTAL	8	1	9

Table 9

TRANSFER OF LICENCES

	England and Wales	Scotland	Total
Applications outstanding on 31 March 1993	-	-	-
New applications made during 1993/94	3	-	3
TOTAL	3	-	3
Licences issued	3	-	3
Applications withdrawn	-	-	-
Applications refused	-	-	-
Applications not determined by 31 March 1994	-	-	-
TOTAL	3	-	3

Table 10

RENEWAL OF LICENCES

	England and Wales	Scotland	Total
Renewal applications outstanding on 31 March 1993	8	-	8
Applications received in respect of licences expiring in 1993/94	113	12	125
TOTAL	121	12	133*
Licences renewed	112	12	124
Licences surrendered or allowed to lapse	9	-	9
Applications refused	1	-	1
Applications not determined by 31 March 1994	1	-	1
TOTAL	123	12	135*

* These figures will not necessarily agree. In this instance, two renewed licences were subsequently surrendered in favour of new licences issued during the same reporting period in respect of substitute or extended premises.

Table 11

CONTINUANCE OF CERTIFICATES OF CONSENT

	England and Wales	Scotland	Total
Applications outstanding on 31 March 1993	9	-	9
New applications received in 1993/94	13	-	13
Total	22	-	22
Applications allowed	9	-	9
Applications withdrawn	-	-	-
Applications fell	2	-	2
Applications refused	-	-	-
Applications not determined by 31 March 1994	11	-	11
Total	22	-	22

4 : Licensed Bingo

Size of the industry

83. The number of licensed bingo clubs fell by around half a per cent in 1993/94, to 967.

84. The Board did not object to the renewal of any bingo club licences during the period of this Report. The last Report recorded as outstanding one case in which the Board had objected. The licence for this club was relinquished by the operator following the Crown Court's decision, as reported last year, to uphold the justices' refusal to renew the company's other club licence, following objection by the Board in that case also.

85. As noted in the last Report, the size and character of the clubs varies greatly from large purpose built clubs to small local operations. The trend seems to be towards larger clubs.

86. Unlicensed bingo, such as played in certain clubs and institutes, is lawful so long as it complies with sections 40 and 41 of the 1968 Gaming Act. Bingo played under these sections is subject to various restrictions and limitations but is intended to be small scale and non commercial. In particular, bingo played under section 40 must be only one of the activities provided by a club. The proceeds of bingo played under section 41 must normally go to a charity or to the benefit of a non-proprietary members' club. Unlicensed bingo is not referred to further in this chapter.

87. Of the 967 licensed bingo clubs, the two largest operators, The Rank Organisation PLC and Gala Clubs (and their subsidiary companies) hold licences for around 334 clubs; three operators hold licences for between 20 and 25 clubs; two operators hold licences for between 15 and 19 clubs; five operators hold licences for between 10 and 14 clubs; 14 operators hold licences for between five and nine clubs; the remaining 388 licences are held by one-man "singleton" operators and in licence holding groups of less than five clubs.

Table 12

NUMBER OF LICENSED BINGO CLUBS 1994 (1993 in brackets)

	England and Wales	Scotland	Total
Licensed at 31 March 1994	844(854)	123(118)	967(972)
Operating at 31 March 1994	804(846)	106(114)	910(927)

Source: Gaming Board records

The financial trend

88. The figures below give the amount of money staked in licensed bingo clubs over the latest five years.

89. The most recent figures available continue the upward trend. There was an increase of 10 per cent in the amount of money staked in the latest year, giving a cumulative increase of more than 25 per cent over the latest three years.

Table 13

AMOUNT STAKED ON LICENSED BINGO BY YEAR

	Amount staked £ million	Percentage change from previous year
September 1988 to August 1989	591	-
September 1989 to August 1990	618	4.6
September 1990 to August 1991	661	6.9
September 1991 to August 1992	715	8.2
September 1992 to August 1993	787	10.1

Source: Customs and Excise

Bingo duty

90. All bingo played on premises licensed for gaming by the local gaming licensing committee is liable to duty. There was no change to the rate of bingo duty which remained at 10 per cent during the year.

Linked bingo

91. Linked bingo is where two or more clubs combine to play a joint game of bingo. The increases in the number of players and revenue which result allow the operators to offer greater prizes. The total number of clubs participating in some form of linked bingo increased from 697 to 724. It is not possible to determine whether this increase marks a halt in the previous decline in involvement in linked bingo. As noted last year, linked bingo remains popular and, as the figures show, is available in the large majority of clubs.

The National Game

92. The National Game is played by clubs across the country and was made possible by the Gaming (Bingo) Act 1985. The first National Bingo Game was played in the summer of 1986. The game is operated by the National Bingo Game Association Limited which holds the Board's certificate of consent. It consists of a single game each day (two on Saturday) in which all participating clubs play to a single set of computer generated

numbers. The large number of participating clubs allows the payment of very large prizes. The number of clubs registered to play in the National Bingo Game is 675.

93. As noted in the last annual Report, representations were received to increase the maximum prize from £50,000 which it had been since 1986 to £75,000. The Board recommended the increase to the Home Office and legislation to enable the change was introduced on 11 January 1993. The first £75,000 National Game, which has been called "Super Nova", was played on 30 October 1993 and is reported to have been well received. Further games have subsequently taken place.

94. Discussions on further increases in prizes are on-going.

Charges and prizes

95. As normal, the Board held its annual meeting with the Bingo Association of Great Britain (BAGB) at which it received their proposals for increases in bingo monetary limits. Following the discussions with BAGB the Board made recommendations to the Home Office. The increases agreed by Ministers from 1 May 1994 were:

- i) the admission / participation fee (PAR fee) be increased from £6.40 (+ VAT) to £6.60 (+ VAT);
- ii) the prize bingo stake and prize limits be increased from £25.00 to £27.50; and
- iii) the added prize money limit be increased from £2,250 to £2,500.

96. The last two changes were the figures asked for by BAGB. The question of PAR fees is still being discussed.

Number of jackpot machines in bingo clubs

97. The last Report recorded that the Board had received and was able to support a submission from BAGB that the number of permitted jackpot machines in licensed bingo clubs should be increased from two to four. The matter is still with the Home Office.

Consent applications

98. The following table shows the results of consent applications made to the Board during the period 1 April 1993 to 31 March 1994 and the number and outcome of subsequent licence applications.

Table 14

OUTCOME OF BINGO CONSENT AND LICENCE APPLICATIONS 1993/94

	England & Wales	Scotland	Total
New Certificates of Consent			
Applications outstanding on 31 March 1993	9	3	12
New Applications received in 1993/94	55	14	69
Total	64	17	81
Certificates issued	53	15	68
Applications withdrawn	2	0	2
Applications refused	1	0	1
Applications not determined by 31 March 1994	8	2	10
Total	64	17	81
New Licences			
Applications outstanding on 31 March 1993	9	1	10
New Applications made	41	14	55
Total	50	15	65
Licences issued	31	11	42
Applications withdrawn	2	0	2
Applications refused	3	1	4
Applications not determined by 31 March 1994	14	3	17
Total	50	15	65

Table 14 cont.

	England and Wales	Scotland	Total
Transfer of Certificates of Consent			
Applications outstanding on 31 March 1993	4	0	4
New Applications made	68	5	73
Total	72	5	77
Certificates issued			
Certificates issued	47	5	52
Applications withdrawn	2	0	2
Applications refused	1	0	1
Applications not determined by 31 March 1994	22	0	22
Total	72	5	77
Transfer of Licences			
Applications outstanding on 31 March 1993	7	0	7
New applications made	46	4	50
Total	53	4	57
Licences issued			
Licences issued	48	4	52
Applications withdrawn	1	0	1
Applications refused	0	0	0
Applications not determined by 31 March 1994	4	0	4
Total	53	4	57

Computerisation of the Board's records

99. A computer record of all the clubs currently licensed in Great Britain was created by the Board during the year. Although the establishment of the computer record required considerable effort it should provide better statistical and administrative information.

Board/BAGB working group and BAGB proposals for deregulation

100. A joint Gaming Board/BAGB working group was established and had its first meeting on 20 January 1993. Since then, together with its associated sub committee considering the complex issue of hours and charges, it has met a further six times. The group provides a useful forum for the exchange of ideas and information with a view, where agreement can be reached, to pursuing matters where sensible change seems appropriate.

101. During the year, the working group discussed a large number of issues, which either had been raised individually or were included in a discussion document on "Proposals for Deregulation of Licensed Bingo Clubs" prepared by BAGB and submitted to the Board in August 1993. Many of these remained under discussion at the end of the reporting year including:

- i) the controls on hours and charges and charging notices;
- ii) membership of bingo clubs and the need for a 24 hour waiting period;
- iii) controls on advertising;
- iv) period of validity of licences, currently a year; and
- v) increases in the limits on stakes and prizes for prize bingo and the question of returns to players.

102. In the Board's view, at least some of these relate to matters which go to the heart of the current legislation and on which as a result agreement might prove difficult. The Board's position on proposals for change, and in particular those which go to the heart or structure of the 1968 Act, is set out in paragraphs 10 to 13.

103. Agreement was however reached in the following areas.

- (i) **Mechanised cash bingo.** Proposals to increase the maximum number of playing positions for mechanised cash bingo from 200 to 400 were agreed in the working group and accepted by the Board. The increased maximum was introduced on 1 November 1993.
- (ii) **National Bingo Game jackpot prize.** The working group considered and made recommendations to the Board on a proposal by BAGB to allow a two-tier maximum prize with the higher prize of £250,000 for use on limited occasions per

year. The Board accepted this proposal, which requires primary legislation, and has recommended it to the Home Office.

- (iii) **"Front of house" advertising.** Following discussion in the working group and subsequent consultation with its legal advisors, the Board notified BAGB that it was prepared to accept the Association's interpretation that "front of house" advertising on such matters as prizes is permitted by the Bingo Act 1992. The Board explained to the Association that, while in its view there was room for doubt about the correct interpretation of the relevant section of the Act, it accepted that the probable intention of Parliament was to allow such advertising and therefore that it would not seek to initiate proceedings in this respect.

5 : Certification of Employees

Policy and procedures

104. One of the main objectives of the Gaming Act 1968 and of the Gaming Board is to prevent criminals and undesirable persons from becoming involved in gaming. While the certificate of consent procedure aims to achieve this in terms of those who provide gaming facilities, the section 19 certificate of approval procedure covers those who work on the gaming floor and/or who manage such employees. The Act directly requires those who perform certain functions to hold a certificate of approval issued by the Board, and gives the Board power to require certain others performing managerial, organisational or supervisory duties to be certificated. A licence-holder who employs staff in contravention of these provisions commits an offence (section 23(1) of the 1968 Act).

105. The last Annual Report referred to the Board's concerns that some directors and other senior employees of casino operating companies who have substantial direct operational control and influence on day to day casino matters and on the decisions of other certificated staff were not required to be certificated themselves. The Board, after completing its consultations with the British Casino Association (BCA), therefore introduced a new (white) certificate to cover such people in January 1994. Special streamlined arrangements for processing applications from casino executives in post before 31 January 1994 were made. By 31 March 1994, 118 applications had been received and 102 certificates had been issued by 25 April. Applications from casino executives appointed after 1 February 1994 will be subject to the same procedures as for other certificate holders. Applications will need to be supported by the employing licence holder and applicants may be required to attend an interview with the Board. Appendix VII lists the parameters for the casino executive's certificate and indicates the scope of possible questions at any interview.

106. From 1 February 1994, therefore, the range of certificates of approval issued by the Board is as follows:

- | | | |
|-------|---------|--|
| (i) | blue: | for dealers and cashiers in casinos; |
| (ii) | yellow: | for inspectors, pit bosses, security staff employed to watch gaming and head cashiers; |
| (iii) | green: | for casino supervisors (junior management); |
| (iv) | grey: | for casino managers; |
| (v) | white: | for casino executives; |
| (vi) | pink: | for bingo managers. |

Details of the scope of the green, grey and pink certificates, in a similar form to that for white certificates given in Appendix VII, can be obtained from the Board's headquarters at the address in Appendix II.

Applications

107. During 1993/94 the Board received a total of 4,472 applications for certificates under section 19 of the Gaming Act 1968 and issued 4,166 certificates. These figures compare with 4,032 and 3,727 in 1992/93; 5,455 and 4,917 in 1991/92; 6,526 and 5,786 in 1990/91.

Issue of certificates

108. It remains the Board's policy to make checks or obtain reports from the police or other authorities on all new applications for certificates of approval, in accordance with paragraph 3 of Schedule 5 to the Gaming Act 1968. This results in delays in processing many applications. On average during the year, however, 87 per cent of all first time applicants for the operatives' (blue) certificate received their certificates within six weeks of receipt of the application by the Board. This compares with an average of 88 per cent in 1992/93 and 91 per cent in 1991/92.

109. Applicants for the manager's (grey) certificate were called to interview within six weeks of the date of receipt by the Board of their application; however, the requirement for an interview at Board headquarters resulted in the issue of these certificates taking somewhat longer than other types.

110. As foreshadowed in last year's Report, when it issues a certificate, the Board now accompanies it with a letter which reminds holders of the most common grounds for revocation (see paragraph 115 below), and which also asks them to inform the Board of any convictions and/or formal cautions as they occur. This does not however affect in any way the duty on every applicant for a fresh certificate to disclose all convictions, formal cautions and pending prosecutions on the application form when making those applications (see paragraph 123 below). The Board was grateful that casino operators agreed to draw the letter to the attention of their existing staff who had been issued with a certificate prior to July 1993 when the letter was first used.

Quality of managerial applicants

111. The standard of first-time applicants for the manager's "grey" certificate remained high. Where the applicant did not meet the required standard, the application was deferred by agreement to allow the applicant to improve his or her knowledge of the Gaming Act and the Regulations made under it. Only two applications were deferred during the period covered by this report and none were refused. The Board continues to regard it as important that high standards are maintained and that holders of this certificate should understand the reasons which lie behind the Regulations, and the reasons for the rules they must follow. The Board was generally pleased by the continued efforts of operators to ensure that senior staff received adequate training before they applied for the managers certificate. The Board will, of course, expect a particularly high standard of applicants for its "white" certificates.

Revocation of certificates

112. Revocation procedures are normally prompted by receipt of an adverse Inspectorate report in respect of a certificate holder. The fact that an individual has not been dismissed or has not committed an illegal act, for example, do not of themselves prevent the Board from taking revocation action, although in most cases some form of disciplinary action by the casino will have taken place. The test provided for in the Act is the broader one of fitness and propriety to hold the certificate.

113. Where an adverse report raises doubts about the fitness of an individual to continue to hold the Board's certificate of approval, he or she is offered the opportunity to appear before the Board or to make written representations to explain his or her actions.

114. As listed in the letter mentioned at paragraph 110 above, current grounds for revocation include:

- (i) breaches of the Gaming Act or other relevant legislation or guidelines;
- (ii) convictions, findings of guilt or cautions for criminal offences;
- (iii) supply, possession or use of illegal drugs (on or off licensed premises);
- (iv) socialising with casino members in a manner which is or could be likely to prejudice the performance of the certificate holder's duties;
- (v) gaming in, or visiting (other than by prior arrangement with management) other casinos;
- (vi) dismissal by employer for misconduct.

115. The most common grounds for revocation in the latest year resulted from certificate holders socialising with casino members in breach of their conditions of employment. A percentage breakdown of the reasons for revocation for 1993/94 is as follows:

	Per cent
Socialising with members	22
Visiting and gaming in another casino	14
Incurring convictions after the issue of a s19 certificate (excluding drug-related convictions)	13

Involvement with drugs (including drug-related convictions)	10
Bingo - theft and misappropriating funds	10
Collusion with players	9
Failure to provide proper management controls	6
Theft from employers	5
Others *	11

* Relates to personal bankruptcy, breach of fire regulations, failure to declare convictions under s23(6), allowing gaming on credit and purchase and retention of gaming chips.

116. The Board remains convinced that it is most important that contracts of employment and conditions of service make it clear to gaming staff that such activities are likely to result in the revocation of their certificates of approval; and that senior staff should set a good example to their juniors.

117. During the course of the year, the Board discussed the view it should take of cases of personal bankruptcy involving a section 19 certificate holder. It agreed that, while each case would as always be considered on its merits, personal bankruptcy should be regarded as prima facie grounds for the commencement of revocation action.

Interviews

118. During 1993/94 131 interviews were held. They were concerned with:

- (a) forty seven applications for gaming managers' certificates, of which four were deferred;
- (b) three applications for gaming inspectors' certificates, all of which were applications for certification following an earlier revocation. Two were granted and one refused;
- (c) eighteen applications for gaming operatives' certificates, six of which were applications for certification following earlier revocation. Sixteen were granted and two refused;
- (d) twenty eight applications for bingo managers' certificates, three of which were applications for certification following earlier revocation. Seventeen were granted, six deferred, and five withdrawn;
- (e) thirty four persons holding certificates of approval in respect of casinos who were the subject of adverse reports. In respect of seven the Board took no further action.

Twenty seven had their certificates revoked; this figure included five casino managers;

- (f) one person holding a bingo manager's certificate who was the subject of an adverse report. In this case the certificate was retained.

Revocation without interview

119. In all cases where the Board is considering the revocation of certificates the holders are offered the opportunity to appear in person before the Board or to make written representations. If they fail to accept either, or the Board's correspondence is returned undelivered by the Post Office, the Board must consider the certificate holder's suitability to hold the Board's certificates on the basis of available information. During the period 53 persons had certificates revoked without interview, including nine who made written representations.

Re-application after revocation action

120. It is the Board's policy that where an individual has had his/her certificate(s) revoked, unless he/she has been advised to the contrary, an application for a new certificate is unlikely to be successful until 12 months have elapsed from the date of revocation of the previous certificate(s). (For this purpose, revocation is deemed to have occurred 21 days after the Board's written notification of its decision to revoke the certificate(s).)

Overseas enquiries

121. The Board continued to receive a number of enquiries from regulatory authorities in other countries where British staff holding the Board's certificate were seeking employment.

Contravention of section 23(6) of the Gaming Act 1968

122. A number of applicants failed to disclose a full record of their convictions, although the application form makes it quite clear that the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975 authorises the Board to require such disclosure.

123. There was one prosecution initiated by the police during the year for failure to disclose previous convictions. In a number of 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 and pending prosecutions must be disclosed on **each** application for a certificate made to the Board.

Amendment of Form GB11

124. As foreshadowed in the last Report and in connection with the wider review of the Board's forms, the application form for certificates of approval (GB11) was amended to cover applicants' cautions as well as convictions. The revised form was introduced in January 1994.

Grosvenor Clubs management trainee scheme.

125. Grosvenor Clubs, part of the Rank Organisation and licence holder in respect of 28 casinos, has introduced a new two-year management trainee scheme. As part of that

scheme, the Board has agreed that it will grant inspectors (yellow) certificates to participants without the usual requirement that they should first have served 18 months as a dealer. The certificate will be specific to the scheme and the Board has agreed with Grosvenor Clubs that it will be relinquished for any participant who leaves the scheme prematurely. The Board has welcomed the scheme and will review its progress after one year.

Applications by outcome and type

126. The outcome and type of each application for a section 19 certificate, and revocations made, by grade, for 1993/94 were:

Table 15
SECTION 19 CERTIFICATES

a) Outcome

	New certificates issued	Old certificates re-issued	Total certificates issued	Applications refused	Applications withdrawn	Revocations *
Casino						
Executive	66	-	66	-	-	-
Manager	78	23	101	-	4	11
Supervisor	75	9	84	-	-	2
Inspector	1257	113	1370	2	38	31
Dealer	2182	103	2285	2	256	27
Bingo						
Manager	171	89	260	-	4	9
TOTAL	3829	337	4166	4	302	80

* Figures given refer to individuals. As some held more than one certificate, a total of 226 certificates were revoked.

(b) Type

	New applications	Transfers	Promotions	Re-issued
Casino				
Executive	66	-	-	-
Manager	-	32	46	23
Supervisor	-	14	61	9
Inspector	17	768	472	113
Dealer	1605	577	-	103
Bingo				
Manager	125	46	-	89
TOTAL	1813	1437	579	337

6 : Gaming Machines

Number of machines in use

127. 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. While 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, which are revisions of those appearing in the latter's Annual Report for the year ended 31 March 1993. The figures give an indication of the number of gaming machines in use at that time.

Table 16

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

	<u>1992/93</u>	<u>1991/92</u>
Jackpot machines (installed in premises licensed or registered under the Gaming Act 1968)	37,207	38,401
Amusement-with-prizes (AWP) machines (commonly found in public houses, cafes, arcades and pleasure fairs)	201,461 (a)and(b)	186,786 (a)

Notes: (a) AWP machines with a 2p stake do not require a gaming licence and such machines are therefore not included in the figure quoted. It is not known how many 2p or other types (eg crane machines) of gaming machines which do not attract licence duty are currently in use. However, BACTA estimates that there might perhaps be something in the region of 15,000 such machines.

(b) With effect from 1 November 1993, AWP machines with a 5p stake did not require a gaming machine licence. Revised figures from HM Customs & Excise indicate that there were 12,154 such machines in 1992/93.

128. The latest research carried out on behalf of BACTA, the trade association for the industry, suggests that AWP's and jackpot machines had a combined turnover (i.e. money inserted into the machines) of some £9 billion in the year 1992/93. It is estimated by the Association that some £7.2 billion of this was paid out to players in prizes.

Location of AWP machines

129. While there are no official figures on the distribution of AWPs, the most recent estimate made by BACTA suggests the following:-

	per cent
Public houses	-40
Inland amusement centres	-18
Bingo clubs	-15
Seaside arcades	-15
Single sites	-4
Other premises (including service stations, leisure centres, amusement parks and holiday homeparks)	-8

AWP trends

130. The amusement industry has seen a further modest improvement in the volume of sales of new machines over the last year, with an increased proportion of overseas sales. The year has seen a large number of machines themed on cartoon characters, television series and board games. These machines have included the voices of actors from the television series and theme music or associated catch phrases. They have in most cases proved to be very popular, leading to two or three spin off games on a similar theme.

Valuation of non-monetary prizes

131. A new style of AWP has been introduced during the course of the year. As an alternative to the usual award of cash prizes and replayable tokens, the new machines also offer the possibility of a non-monetary prize delivered directly by the machine or a special non-replayable token exchangeable for such a prize. The machine delivered prizes are limited by size to items such as wrist watches, while the prizes exchanged for tokens have included radios, cassette players, fountain pens, toys and jewellery.

132. While the Board sees no difficulty in law or principle with the concept, the prizes on offer may not lawfully exceed £6 in value. "Value" is not defined in the 1968 Act but the Board has received legal advice to the effect that the word is likely to be interpreted by the courts as meaning "reasonable retail value" rather than the value invoiced to the operator. This legal advice coincides with the Board's policy view of the issue as it affects AWPs since if site owners were free to use invoice value this would allow them, in effect, to circumvent the statutory £6 maximum prize limit by bulk purchasing prizes at large discounts. The Board does not believe that it would be in keeping with the spirit and intention of the £6 maximum prize limit for AWPs if a player were encouraged to play such machines for prizes which he perceives to be worth considerably more than that sum.

133. BACTA has disputed the Board's legal advice and at the end of the year exchanges with the Association and other interested bodies were continuing with a view to reaching a mutually acceptable resolution of the difference of view.

All cash AWP gaming machine

134. Last year's Report referred to BACTA's request for the Board's support for a draft Private Member's Bill containing proposed amendments to the 1968 Act which would have had the effect of allowing the introduction of a new all cash gaming machine, with a maximum £8 prize, into existing premises where AWP's are currently operated. The draft Bill included a provision under which any person under 18 playing the machine would be guilty of an offence. In the light of the Board's concerns about a number of aspects of the proposals, BACTA did not proceed with them.

135. In September 1993, the Board considered two separate proposals from BACTA and the Brewers' Society for an all cash gaming machine. In essence, the revised BACTA proposal suggested that the maximum cash prize for all AWP's, wherever sited, should be increased from £3 to £6, in line with the top token prize. The Brewers' Society proposals centred on an all cash machine, with a £10 maximum prize, which would be available solely in premises with a full on-licence.

136. Of the various arguments in favour of change put forward, the Board had most sympathy with the case for reducing the industry's reliance on tokens. Tokens, which are currently used to pay all AWP prizes above £3 in value are, by general agreement, as unpopular with players as they are with the industry. They cannot be exchanged for cash and as such are unwelcome to players who are forced either to play more games or exchange them for goods they may not want. The industry's own long-standing dislike of tokens, because of the security problems they create, is well known. Unless expensively manufactured, they are relatively easy to copy and may also "drift" from site to site. A move away from tokens would reduce industry's costs.

137. While the Board itself has no imperative for change, it has reached the view that there are sound arguments for reducing reliance on tokens and that, in the light of these, it is prepared in principle to support the introduction of an all cash machine provided the maximum prize does not exceed the current maximum token level, i.e. £6, in line with the thinking of the Royal Commission on Gambling.

138. The Board believes that an all cash machine would be more attractive to players, whether adults or children. In reflecting on the locations where any such new machine might be sited, it felt bound therefore to consider the concerns which exist about the use of AWP's by children. Those who oppose such use raise both moral objections (i.e. that children should not be allowed to gamble) and social objections (e.g. truancy, unruly behaviour and addiction). The Board acknowledges that the evidence on the latter is by no means clear cut, and may for instance go beyond the use of AWP's into the use of other machines by children. However, it cannot ignore the fact that genuine public concerns remain which are, for instance, reflected in the significant numbers of local authorities which have passed resolutions under Schedule 9 to the Gaming Act 1968 effectively banning AWP's from certain classes of premises. The Board has therefore agreed that it could support the introduction of a new £6 all cash machine to be situated in premises

which offer an adult environment: this would in practice mean public houses, licensed bingo clubs and, as long as they can be defined, arcades to which access to under 18s was prohibited. As far as arcades and other premises to which children have access are concerned, the Board's view is that, if the Government is minded to allow an all cash machine in such premises, it should only do so after full public consultation.

139. The Board's support for an all cash machine is dependent on two conditions, both of which have already been accepted by BACTA and the Brewers' Society. The first would require any new machine to have affixed to it a statement of the minimum percentage payout, similar to that currently attached to an AWP in a bingo club. The second involves the industry's acknowledgment of the need for an agreed guideline on acceptable methods of machine control and the establishment of a satisfactory machine testing regime.

140. After widespread consultation with interested organisations, the Board made its views known to the Home Office in January 1994.

Enriched periods

141. Following a complaint, the Board's Inspectorate discovered evidence that a number of AWP machine models incorporated what have come to be known as "enriched periods" of play. These "enriched periods" involved the payment of winnings of substantial sums of money - often between £20 and £40 - over a relatively small number of games, thereby rendering the statutory controls on prizes meaningless. Features of this kind are unacceptable because they are intended to encourage players to continue using the machine, indeed to chase their losses, in the hope of coming across an increased payout.

142. While BACTA disputes this, the Board's view is that such features are unlawful. Furthermore, machines offering a series of "enriched" games directly breach the Board's existing Guidelines for Enforcement Policy. BACTA's own Code for Manufacturers, Importers and Converters states in terms that "a manufacturer or a converter will not knowingly manufacture or supply any machine which does not comply with the letter or spirit of the Guidelines". Individual manufacturers have always assured the Machines Inspector that their machines comply with the Board's Guidelines. Manufacturers had been warned by the Inspector on various occasions against the inclusion of "enriched periods" and had given assurances that such periods were not present in the software of their machines.

143. After a number of exchanges between BACTA and the Board, agreement was reached that no further machines incorporating "enriched periods" would be produced and that, where appropriate, amended programs would be distributed to all suppliers for incorporation in offending machine models introduced on or after 1 January 1992. The deadline for completion of the latter work was 30 November 1993.

144. In the Board's view, these events, and the manner in which BACTA responded to them, in some measure damaged the level of trust which had in the past existed between the Board and the Association. The Board has always been content to rely on the industry's voluntary co-operation in carrying out its regulatory role. The Board was particularly concerned that BACTA questioned the Board's view on the legality of "enriched

periods" only after they had been incorporated in machines and after the Board had discovered this.

Working group

145. BACTA has made clear that it is anxious to avoid any future episode like that involving "enriched periods" and to this end has suggested that there should be closer liaison between the Board and Association. The Board's Chairman has accordingly suggested that a small working group of Board officials and BACTA representatives should be established. This would meet on a regular basis and report to both organisations. The working group is seen as a suitable forum for making progress on the Board's related objectives of agreeing a guideline on acceptable methods of machine control and establishing a machine testing regime.

Guideline on Moneybank Displays on AWP's

146. During the course of the year, a new guideline on Moneybank Displays was added to the Board's Reference Document on Gaming Machine Features. This formalised previous verbal agreements between the Board and manufacturers that the total winnings displayed on an AWP's Moneybank (which shows any winnings a player has accumulated but not yet collected) should not exceed an agreed maximum.

The use of smart cards in AWP's

147. Proposals for the use of smart cards and their like in AWP's were put to the Board during the course of the year. In essence, the idea is that a person would be able to make payment to play an AWP by means of a pre-paid plastic card, which would be credited with a certain value before insertion into the machine and would record cash and token wins.

148. The Board's past legal advice has been to the effect that such cards could not lawfully be accommodated within the provisions of section 34 of the 1968 Act. This was because the view was taken that it was not the smart card itself which should be regarded as the "token" but rather each of the credits recorded on it. The legal advice suggested that a court might not be prepared to accept these credits as "tokens" within the meaning of section 34, since it would be likely to restrict the meaning of "token" in this context to the traditional historical sense of "a stamped piece of metal" (or other material) "issued as a medium of exchange." Further legal advice received has, however, led to the Board revising its earlier views to the extent that it no longer proposes to object to the credits to smart cards being regarded as tokens within the meaning of the 1968 Act. While this does not prevent others from taking a different view, this means that the Board will not itself seek to initiate action against any operator using them in AWP machines.

149. The Board welcomes in principle the use of smart cards and their like in AWP's because of the security advantages they are likely to bring. It will, however, expect such cards to be operated in accordance with guidelines acceptable to it which will ensure, in

particular, that the cards are not used in a way which will otherwise breach the Act. These guidelines will need to be agreed with BACTA prior to the introduction of smart cards into the AWP scene.

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

150. The number of new applications received during 1993/94, and their outcome, is shown in the following table:-

Table 17

NEW APPLICATIONS FOR SECTION 27 CERTIFICATES

	England and Wales	Scotland	Totals
New applications outstanding on 31 March 1993	41	5	46
New applications received in 1993/94	56	4	60
Totals	97	9	106
Certificates issued	49	5	54
Applications refused	3	0	3
Applications withdrawn	13	4	17
To be determined, or awaiting payment of fee on 31 March 1994	32	0	32
Totals	97	9	106

Renewal of certificates

151. A total of 167 certificates reached the end of their five year life during the course of the year. The Board was notified that renewal was not being sought for 44 of these. One hundred and twenty three renewals were therefore left to be considered. The outcome of these applications, together with the 21 renewal applications carried over from 1992/93, is shown in the following table:-

Table 18

APPLICATIONS FOR THE RENEWAL OF SECTION 27 CERTIFICATES

	England and Wales	Scotland	Totals
Renewal applications outstanding on 31 March 1993	21	0	21
Applications received in respect of certificates expiring during 1993/94	114	9	123
Totals	135	9	144
New certificates necessary*	12	0	12
Certificates renewed	105	8	113
Applications withdrawn	11	1	12
Applications refused	0	0	0
To be determined, or awaiting payment of fee on 31 March 1994	7	0	7
Totals	135	9	144

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

152. If a certificate expires and has not been renewed, the holder may continue to honour existing contracts but is 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.

1995 renewals

153. The five yearly cycle of renewals arising from the original certification programme will take place in 1995 and the Board envisages that, as a result, over 180 extra certificates will fall due for renewal. In order to minimise delay, holders of certificates requiring renewal during the year are requested to submit applications, together with all the necessary supporting documents, as soon as possible after receiving the relevant forms, most of which will be sent out by the end of 1994.

Revocations

154. During the year, no section 27 certificates were revoked.

Certificates in force

155. On 31 March 1994 there were 1,002 certificates in force, 30 fewer than 12 months previously.

Permits

156. 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. Eleven such permits were issued during the year.

Partnerships

157. The Board has in the past taken the view, in the light of legal advice received, that a certificate issued to a partnership ceases to be valid if one of the partners dies or leaves the partnership. The remaining partners have accordingly had to apply for a new certificate if they wished to continue to sell, supply or maintain machines to which Part III of the 1968 Act applies. During the course of the year, the Board sought further legal advice on the point and as a result concluded that it would be appropriate to revise its previous view. The position now, therefore, is that the Board is prepared to allow the remaining partners in such a business to continue operating under cover of the original certificate. If renewal of the certificate is in due course sought and approved, the renewed certificate will be issued in the names of the remaining partners.

7 : Lotteries

Scale of lottery activity

158. At the end of March 1993 there were 1,118 lottery schemes registered with the Board, comprising 46 local authority and 1,072 society schemes. During the 12 months to 31 March 1994, 15 local authority and 265 society schemes were registered by the Board, and 20 local authority and 423 society schemes expired. The total number of schemes registered with the Board as at 31 March 1994 was therefore 955, comprising 41 local authority and 914 society schemes.

159. Hence, at the end of the year the number of local authority and society schemes registered with the Board had decreased by 11 and 15 per cent respectively.

160. During the 12 months to 31 March 1994, the Board received 85 accounts for lotteries promoted by local authorities compared with 106 in the preceding 12 months, a decrease of 20 per cent. Accounts were received for 1,086 lotteries promoted by societies under schemes registered with the Board compared with 1,061 in the previous period.

161. The Board has no records of a third class of lotteries, i.e. the smaller society lotteries promoted solely under local authority registration.

162. During the course of the year, one lottery scheme was revoked by the Board, in exercise of its powers under Schedule 2 to the Lotteries and Amusements Act 1976, because it was not satisfied that all of the lotteries promoted by the society during the previous five years had been properly conducted.

Action by the Board

163. This has been a particularly busy year for the Board's Lotteries Section. In addition to its regular work of processing and determining applications to register lottery schemes and supervising lotteries promoted under those schemes, it has had to devise new forms and procedures in preparation for the changes to the Lotteries and Amusements Act 1976 which were introduced by the National Lottery etc Act 1993. Details of the main changes are set out in paragraphs 171 - 180, together with an account of the actions the Board is taking to implement them. The Board's preparations for the changes to the 1976 Act have included the installation of a new computer system.

164. The Board's statutory responsibilities are limited to the larger society lotteries and those promoted by local authorities. It has, nonetheless, continued to receive numerous enquiries about other aspects of the law governing lotteries and competitions. While these enquiries represent a significant additional demand on the Board's limited resources, the staff endeavour to be as helpful as possible since there is no other body or organisation to whom callers can turn. In many instances, enquirers have to be advised that they may consider it prudent to obtain independent legal advice before proceeding with their proposals.

165. The National Council for Voluntary Organisations held a Conference on the National Lottery on 16 November 1993 at the Barbican Centre. This included a workshop on small lotteries at which the Head of the Lotteries Section played an active role explaining the proposed changes to the 1976 Act and responding to questions. In February 1994, the Head of the Lotteries Section addressed the Annual Conference of the Lotteries Council at Old Trafford, Manchester. He and the Senior Inspector, Northern Region, then took part in an open forum at which they responded to delegates' questions.

U K Charity Lotteries Ltd (UKCL): multiple instant lotteries

166. UKCL has continued to operate as a lottery manager throughout the year, conducting lotteries on behalf of branches of the Rehabilitation Institute, the National Autistic Society and the Children's Family Trust. The company is owned by a consortium comprising these three charities.

167. Following receipt of a complaint, the Board drew to UKCL's attention its concern about an advertisement in a national newspaper which, in its view, gave a misleading impression about the number and size of prizes on offer to participants in individual lotteries. After a number of exchanges of correspondence with the company, which did not allay those concerns, the Board lodged a formal complaint about the advertisement with the Advertising Standards Authority. In its adjudication in August 1993, the Authority upheld the Board's complaint and requested UKCL to make appropriate amendments to its advertising.

"Skill competitions"

168. Paragraph 9 of last year's Report made clear the Board's disappointment that its previously expressed concerns about the proliferation of so-called "skill competitions", conducted by means of premium rate telephone lines, were not addressed in the context of the National Lottery etc Act 1993. Limited skill plays a part in only the first stage of such competitions, with those successfully negotiating this (usually, as is clearly intended, most of the participants) being entered into a subsequent draw to determine the winners. In reality, such competitions are, in the Board's view, little more than lotteries run for commercial or private gain, purposes for which public lotteries cannot lawfully be promoted. By purporting to introduce an element of skill, the organisers attempt to bring their competitions within the ambit of section 14(1)(b) of the 1976 Act, which allows competitions in which success depends to a substantial degree on the exercise of skill. They thereby avoid the statutory controls over lotteries, including the restrictions on proceeds, prizes and expenses, and the regulatory supervision to which they are subject. Competitions run under section 14(1)(b) are subject to no regulation or supervision and very little statutory protection for the public, including children, who may be persuaded to participate in them, often at a cost significantly above the maximum permitted in a public lottery.

169. The Board's concerns about the implications of such competitions being allowed to continue unchecked have not been allayed. During the course of the year, the Board has therefore reiterated its views to the Home Office and made its position clear to the Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS), which supervises the content of premium rate telephone services. Since the Board has no statutory responsibility for competitions purportedly run in accordance with section 14 of the 1976 Act and is not a prosecuting authority, any complaints in this area are

routinely referred to the police for consideration. In October 1993, the Board passed one such complaint, about a competition being run during a commercial television programme, to the police. It is the Board's understanding that the television company concerned has since ceased to run the competition and made it clear that it will not re-instate it.

170. In January 1994, a premium rate telephone competition called Telemillion was brought to the Board's attention. The Board believed that this was likely to involve one or more contraventions of the 1976 Act. Telemillion offered a top prize of £250,000, which was in excess of the sum which could be offered in a lawfully promoted public lottery; was being run primarily for commercial purposes; and was being advertised on commercial television. Given these factors, the Board's view was that, if allowed to continue, it would undermine the effectiveness of the existing controls over lotteries. In all the circumstances, it was therefore decided to refer the complaint to the Crown Prosecution Service, requesting it to consider investigation, and prosecution if offences had been committed.

National Lottery etc Act 1993

171. The National Lottery etc Act 1993 received Royal Assent on 21 October 1993. Part III of the Act and the related Schedules contain amendments to the Lotteries and Amusements Act 1976 which significantly affect both the registration requirements for societies and the general rules under which both society and local authority lotteries are required to operate. All of these changes, with the exception of those relating to the certification of lottery managers, came into force on 3 May 1994. In addition to the changes to the 1976 Act made by the National Lottery etc Act 1993, others are contained in The Lotteries Regulations 1993, which also came into effect on 3 May 1994. The 1993 Regulations replaced The Lotteries Regulations 1977; The Lotteries (Amendment) Regulations 1981; The Lotteries (Amendment) Regulations 1988; and the equivalent regulations in force in Scotland.

172. The Board has revised its guidance booklet, Lotteries and the Law, to take account of the changes. This can be obtained from the Board's Lotteries Section, free of charge, by telephoning 071-306-6269. While Lotteries and the Law gives an up to date guide to the law as it applies after 3 May 1994, the following paragraphs draw attention to some of the principal changes.

173. In the past, a society wishing to run a large lottery first had to register with the relevant local authority and then had to register a lottery scheme with the Board. This system of dual registration has ended. Under the new arrangements, if a society meets the revised thresholds for Board registration, the society itself no longer needs to register with the relevant local authority and must instead register with the Board. Provided whatever fees laid down are paid on time, that registration will remain valid indefinitely. Below the threshold for Board registration, societies wishing to promote lotteries must, as previously, be registered with the appropriate local authority.

174. The threshold for Board registration has been doubled so that, as from 3 May 1994, a society does not need to register with the Board unless it puts on sale more than £20,000 worth of tickets in a single lottery. There is, however, a new "cumulative" threshold for Board registration which also requires a society to register with the Board if it puts on sale a value of tickets which, when added to actual sales in all lotteries in the same calendar

year, amounts to over £250,000. The previous registration arrangements for local authorities wishing to run a lottery are largely unaffected, but with the difference that, provided whatever fees laid down are paid on time, a scheme registration with the Board will remain valid indefinitely.

175. As from 3 May 1994 all existing restrictions on the frequency with which lotteries may be promoted have been removed. There is now no limitation on the number of lotteries which may be held by a single society in a given period, though total maximum ticket sales from all lotteries held by the same society in any one calendar year may not exceed £5 million. The previous system of short-term, medium-term and other (also known as long-term) lotteries has been abolished.

176. The maximum proceeds from a single lottery have been increased from £180,000 to £1million. The maximum prize which may be offered in a single lottery has been increased from £12,000 to £25,000 or 10 per cent of the proceeds of the lottery, whichever is greater, but subject to the continuing limitation that no more than 50 per cent of the proceeds may be spent on prizes. The existing £2,000 limit on the value of a prize which can be offered in a society lottery promoted under local authority registration has been abolished. This means in practice that the value of the top prize in such a lottery is in future limited only by the rule that no more than 50 per cent of the proceeds should be used to buy prizes.

177. The maximum percentage of the proceeds which may be appropriated on account of expenses has been raised to 30 per cent. In lotteries with proceeds above £20,000, any proposal to use more than 15 per cent of the proceeds for expenses must, however, have prior approval from the Board. In determining how much of the proceeds of a lottery has been used for expenses, the law now requires that any expenses which are met by the society or by the beneficiary of the lottery should be treated as if they had been appropriated from the proceeds.

178. Given the large sums of money usually involved, the Board believes it essential that those running lotteries should have high standards of integrity and that lotteries should be subject to effective supervision. These objectives will be assisted by the changes made to the 1976 Act, which include a new power allowing the Board to refuse or revoke a society's registration if any person connected with a relevant lottery has been convicted of an offence involving fraud or dishonesty; and a requirement for those societies and local authorities selling more than £100,000 worth of tickets in a year to submit audited accounts to the Board.

179. As the relevant amendments to the 1976 Act came into force on 3 May 1994, every society wishing to operate under Board registration from that date had by then to be freshly registered by the Board. Existing society lottery schemes registered with the Board ceased to have effect from 3 May 1994, other than in respect of lotteries for which tickets had already been put on sale. In January 1994, the Board wrote to all societies with lottery schemes then registered with it to advise them of the changes and invite them, if appropriate, to submit applications for registration with the Board. The Board made it clear that, provided such applications were received in good time and were straightforward, it would make every effort to process them before 3 May 1994. The Board had registered 126 societies under the new arrangements by 3 May 1994.

Fees per lottery

For each lottery promoted by a society or under a local authority scheme registered with the Board where:-

- (a) the total value of tickets or chances sold does not exceed £10,000 **and** the lottery is not an exempt lottery. £60

Note

Special provision is made for lotteries promoted by societies and local authorities in which the value of the tickets or chances sold does not exceed £10,000. A lottery fee will be payable only in respect of the first seven returns submitted to the Board in a calendar year in respect of such lotteries. This means that once £420 has been paid for such lotteries in a calendar year, no more fees will be payable in that year for any subsequent such lotteries, which will be known as "exempt" lotteries.

- (b) the total value of tickets or chances sold in the lottery exceeds £10,000 but does not exceed £20,000. £105
- (c) the total value of tickets or chances sold in the lottery exceeds £20,000 but does not exceed £50,000. £125
- (d) the total value of tickets or chances sold in the lottery exceeds £50,000 but does not exceed £200,000. £255
- (e) the total value of tickets or chances sold in the lottery exceeds £200,000. £460

Lottery statistics

182. The first Table below gives details of accounts received from 1 April 1993 until 31 March 1994 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.

183. The average proceeds (or ticket sales) for society and local authority lotteries shown in accounts received in the 12 months to 31 March 1994 were £38,328 and £15,602 respectively, compared with £42,737 and £13,280 for the same period in 1992/93.

180. In addition to the other changes introduced by the National Lottery etc Act 1993, there is to be a new requirement, with effect from 3 October 1994, for persons wishing to operate as external lottery managers to be certified by the Board. An external lottery manager is an outside body or person paid by a society or local authority to organise and manage lotteries on its behalf. Application forms for the new certificate and guidance notes may be obtained from the Board's Lotteries Section. A fee of £2,000 is payable on application. The Board is required to refuse an application if it is not satisfied that the applicant is a fit and proper person to manage a lottery. It may also refuse an application if it appears that any person who would be likely to manage any part of the business or benefit from it is not a fit and proper person; or if any information given to it by the applicant is false in a material particular. The Board will not, however, refuse any application without first giving the applicant an opportunity of being heard. The Board has power to attach to a certificate such conditions as it considers appropriate for protecting the interests of a lottery manager's client societies or local authorities and persons participating in the lotteries. Once granted, a certificate remains valid indefinitely, unless revoked.

Lottery fees

181. Fees payable to the Board under the new arrangements are laid down in The Lotteries (Gaming Board Fees) Order 1993. The new fees are set out below.

LOTTERY FEES PAYABLE FROM 3 MAY 1994

Registration fees

Fee

The fee payable on application for the registration of a society which had a lottery scheme registered with the Board immediately before the commencement of section 48 of the National Lottery etc Act 1993.

£20

The fee payable on application for the registration of a society in any other case, or for the registration of a local authority lottery scheme.

£510

The fee payable by a society or local authority on the third anniversary of:-

- (i) in the case of a society, the date on which it was registered with the Board; and
- (ii) in the case of a local authority, the date on which a scheme approved by the authority was registered with the Board.

£50

A further fee will subsequently be payable at intervals of three years thereafter.

184. The second Table shows comparative figures for the total ticket sales on accounts received from 1 April 1989 to 31 March 1994 for lotteries promoted in Great Britain under schemes registered with the Board. The total value of society lottery ticket sales shown in accounts received between 1 April 1993 and 31 March 1994 was some eight per cent less than in the previous year. The decline in local authority ticket sales over recent years has continued.

Table 19

DETAILS OF ACCOUNTS RECEIVED IN THE PERIOD 1 APRIL 1993 TO 31 MARCH 1994 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	983	39,946,952	7,049,817	17.65	10,382,106	25.99	22,515,029	56.36
Scotland	103	1,677,046	334,429	19.94	540,669	32.24	801,948	47.82
TOTAL	1,086	41,623,998	7,384,246	17.74	10,922,775	26.24	23,316,977	56.02

Local Authority Lotteries

	Number of Lotteries	Total Ticket Sales	Expenses		Prizes		Balance	
		£	£	%	£	%	£	%
England and Wales	85	1,326,162	332,690	25.09	468,066	35.29	525,406	39.62
Scotland	0	0	0	0	0	0	0	0
TOTAL	85	1,326,162	332,690	25.09	468,066	35.29	525,406	39.62

Total All Lotteries

	Number of Lotteries	Total Ticket Sales	Expenses		Prizes		Balance	
		£	£	%	£	%	£	%
	1,171	42,950,160	7,716,936	17.97	11,390,841	26.52	23,842,383	55.51

Table 20

TOTAL TICKET SALES AND NUMBERS OF LOTTERIES SHOWN ON ACCOUNTS RECEIVED BETWEEN 1 APRIL 1989 AND 31 MARCH 1994

Society Lotteries

	1989/90		1990/91		1991/92		1992/93		1993/94	
	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	19.48	885	24.39	806	51.01	956	42.42	972	39.95	983
Scotland	1.18	87	1.07	49	2.75	93	2.92	89	1.68	103
Total	20.66	972	25.46	855	53.77	1,049	45.34	1,061	41.62	1,086

Local Authority Lotteries

	1989/90		1990/91		1991/92		1992/93		1993/94	
	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	2.55	256	2.02	148	2.11	149	1.41	106	1.33	85
Scotland	0	0	0	0	0	0	0	0	0	0
Total	2.55	256	2.02	148	2.11	149	1.41	106	1.33	85

Total All Lotteries

	1989/90		1990/91		1991/92		1992/93		1993/94	
	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	
	23.21	1,228	27.48	1,003	55.88	1,198	46.75	1,167	42.95	1,171

8 : Inspectorate and Enforcement

Introduction

185. Though there were no retirements during the year vacancies arising in 1992/93 resulted in the appointment of a Machines Specialist Inspector, Mr BV Chapman and an Area Inspector for the South East Region, Mr G Dawson. Both appointees successfully completed a residential training course followed by periods of attachment and are now operationally in post. Their appointment brings the Inspectorate up to its full complement of 35.

186. As mentioned in paragraph 31, the Inspectorate is structured into five regions with offices in London, Bristol, Nottingham, Manchester and Glasgow. Each regional office has a Senior Inspector in charge and a number of Area Inspectors who are based either at the regional office or work from their homes. Regional offices are supported by an Administrative Officer who acts as the office manager. Headquarters Inspectorate staff comprise the Board's Specialist Machines Inspector whose work is described in paragraph 16 and the Deputy Chief Inspector and Chief Inspector.

187. The Inspectorate completes a programme of inspections in accordance with Board policy which is reviewed annually. This programme is designed to ensure that premises licensed under the Act are visited regularly to confirm that gaming is fairly and properly conducted in accordance with the provisions of the Gaming Act 1968 and other regulations. Action in respect of breaches of the Act or regulations or breaches of codes of practice or guidelines agreed between the Board and the trade associations will depend on their seriousness or frequency. Serious or persistent breaches may result in objections to renewal of or applications to cancel licences. The revocation of section 19 certificates held by employees will also be considered in appropriate cases. However in the majority of instances minor transgressions will be dealt with by way of the Senior Inspector issuing a formal warning, or by an Inspector giving an oral warning or advice. Where proceedings for breaches of the Act or Regulations are justified these will be referred to the appropriate Chief Constable or Chief Officer of Police who continues to have responsibility for the initiation of proceedings.

188. During the year the Board's Inspectors made 1909 supervisory visits to casinos and 3308 to bingo clubs. Five hundred and ninety inspections of certificated machines suppliers and 29 lottery inspections were completed. Inspectors carried out a total of 125 separate investigations some of which are referred to later in this chapter. They also assisted the police in the majority of 15 prosecutions which were initiated in respect of gaming and lottery related offences and were named in 11 Warrants issued under section 43 of the Gaming Act 1968.

189. The Inspectorate continues to provide the police, the courts and other authorities with specialist assistance and advice. During the year Inspectors gave 10 talks to police and 25 to gaming licensing authorities. The South East Region held two gaming courses for

Metropolitan Police Officers and Inspectors in the Northern Region assisted in instruction on two courses hosted by the Greater Manchester Police. The Inspectorate regards its commitment to the training of police and licensing justices as an important function. In particular it provides the opportunity for police officers at varying levels to consider their responsibilities under the Act. The Board wishes to thank the various police departments and squads with whom it liaises and the National Criminal Intelligence Service for the valuable assistance its staff and Inspectorate have received during the year.

Casinos

190. In addition to the inspection programme outlined at paragraph 188 above the Inspectorate completed seven extended in-depth inspections of casinos. These inspections are detailed and carried out by a number of Inspectors supervised by a Senior Inspector possibly over a period of several days. The objective is to examine all aspects of the casino operation and to audit internal and control procedures with a view to identifying weaknesses. The inspections are carried out with the cooperation of licensees who are subsequently advised of any perceived shortcomings.

191. Most casino operators already have their own internal audit inspection programmes. In some cases notably the group operators these programmes are extremely detailed with audit teams responsible solely for that function. In turn the results of such audits may be passed to a compliance committee which generally consists of non executive directors to whom the executive director responsible for compliance will report. This practice has developed in recent years and is welcomed by the Board as being a useful safeguard for licensees.

192. Following discussions with HM Treasury, it was agreed that the European Community Directive on money laundering, and its related regulations, should not be applied directly to casinos but that the Board and the British Casino Association should consider instead the scope for producing an agreed code of practice for the industry which would give effect to the thrust of the Directive and regulations. These discussions are now at an advanced stage and agreement on a code is anticipated soon. In the meantime the casino industry has been encouraged to address the issue and the National Criminal Intelligence Service have provided three awareness seminars aimed at senior management whose responsibility it will be to implement the agreed code. The Board through its Inspectorate as the industry's regulator will be responsible for ensuring compliance with the code.

193. Casinos in Great Britain differ in many ways from those found elsewhere in the world. As reported there are some 118 casinos operating throughout England, Wales and Scotland. They are often quite small and under the provisions of the Gaming Act 1968 are required to be operated as clubs requiring those who wish to join and participate in gaming to make application in person and in writing on the premises in question and wait 48 hours before they can do so. In general casinos are furnished to a high standard; in addition to providing casino games, the most popular of which are roulette and blackjack, many have small restaurants which provide meals of a good standard to club members and their guests. Card room facilities are common where games of equal chance such as poker, kalooki and mahjong are played. In certain areas of the country card room competitions are frequently arranged and in some cases substantial prize money is played for. Recent developments

have included the theming of casinos and the introduction of membership and guest charges. Casinos in London continue to offer high stake gaming and attract major players from all over the world. These casinos are world famous in the international gaming market and provide facilities of the highest standard.

194. Internal security and surveillance systems are most prevalent in London but continue to develop nationwide. Whilst they provide a useful facility for resolving table disputes, they are installed primarily for the prevention and detection of cheats. In one case surveillance led to the successful prosecution of two certificated employees and a casino member for conspiracy to defraud for which they received sentences ranging from 18 months to two and a half years imprisonment. The case which was brought by the Metropolitan Police Clubs and Vice Squad has been widely publicised within the casino industry as a deterrent to others.

195. In September the Chief Inspector and Deputy Chief Inspector attended a meeting of the European Casino Security Officers Association where matters of common interest were discussed. It is understood that this Association which was established in 1992 was formed by British casino security officers. It now has a membership representative of most casino operators in Britain and of casinos in several other European countries. The Association is shortly to introduce a paging scheme throughout the country which will provide casinos with early warning on the movement of suspected cheats. The Inspectorate welcomes this action as being an important step against fraudulent activities in casinos.

Bingo

196. Like casinos bingo clubs licensed under the provisions of Part II of the Gaming Act 1968 must operate as clubs. However the legislation in respect of bingo clubs is less restrictive requiring only 24 hours to elapse between application and participation in gaming and this may be done through postal application. Many clubs provide other facilities with licensed bars, meals and table seating in congenial surroundings. The equipment used for calling bingo has become sophisticated and provides good security against player fraud. The majority of clubs have opted for the provision of amusement with prizes machines in place of two jackpot gaming machines. Amusement with prizes machines are restricted to a pay out of no more than £6 tokens exchangeable for goods or £3 in cash. The number of machines provided will depend on the discretion of the appropriate licensing authority to whom application must be made.

197. Mechanised Cash Bingo is now common in almost all clubs. As its name implies this game is played on computerised automated equipment into which players insert a coin or coins which comprises both stake and charge. This amount is commonly 20p or 30p though some £1 games are played. The charge generally taken is between 40-50 per cent of the payment and because of the rapid completion of the game, with substantial amounts being wagered over a session of games, the operation of Mechanised Cash Bingo is subject to a Code of Practice agreed with the Bingo Association of Great Britain. During the year the Board agreed to an increase in the maximum from 200 to 400 playing positions operational in any one game.

198. In successive reports reference has been made to the provisions of section 14 of the Gaming Act 1968 which require that all charges for taking part in bingo must be notified to the licensing authority and displayed. The total amount taken by the licensees by way of charges is restricted by the provisions of the Gaming Clubs (Hours and Charges) Regulations 1984. Whilst the legislation itself is relatively straightforward the development of bingo and the way charges are taken has resulted in complex charging notices being displayed at or near the entrance to clubs. The Board takes the view that in many cases players are not aware of the amount they are charged for playing bingo. The Bingo Association of Great Britain (BAGB) is also aware of the difficulties which exist and has met with Board Officials in an attempt to resolve the problem by proposing a new approach to the regulation of charges. So far agreement has not been reached; unless there is a change in the legislation, the Board's Inspectorate will continue to apply the provisions of section 14 of the Act and the related regulations and ensure that only properly notified charges are made and that notices are properly displayed.

199. A number of cases involving theft or fraud by both certificated and non-certificated management staff in bingo clubs have been reported. In one case a certificated manager was fined £500 and ordered to pay £264.70 compensation in respect of theft of monies. In two other separate cases community service orders and compensation orders were awarded. Cautions by police were administered in two cases relating to breaches of section 14 of the Act.

National Game

200. During the course of the year, the National Game used the increased maximum prize available to it of £75,000 on three occasions. These games proved popular with players and the maximum was reached on each occasion. Very substantial regional prizes were also achieved and it is anticipated that some future national/regional winner could receive a total prize of around £100,000.

201. The Inspectorate undertook a full reconciliation for two specific dates during September in the Yorkshire region of the National Game. This required visits by Area Inspectors to each club within the Region to collect information which was subsequently cross checked against National Game records. No breaches of the legislation or significant breaches of National Game Rules were discovered. Inspectors also carried out some 60 other enquiries into discrepancies or ticket problems during the course of the year, all of which were resolved. These were in addition to the normal inspection of National Game records carried out when visiting clubs.

Gaming Machines

202. The provisions of section 27 of the Act require that those who sell, supply or maintain machines to which Part III of the Act applies hold certificates from the Board to do so. These certificates last for a period of five years and are renewable. The supply of machines themselves is strictly controlled and Inspectors will visit certificated suppliers to ensure compliance with the legislation. One aspect of this relates to any failure on the part of the supplier to ensure that the site to which machines are supplied has the required authority, namely a Part II or Part III registration or a permit issued under the provisions of section 34

of the Act. Generally suppliers will take adequate steps to ensure that the site operator has the appropriate authority and that it is renewed. However a number of cases have come to light during the year which resulted in cautions being administered by the police.

203. The Board recommends that all suppliers, before entering into any agreement to supply machines, take all reasonable steps to ensure that a proper authority has been obtained by the site operators in order to avoid possible prosecution.

204. As well as inspection visits to machines suppliers by Area Inspectors reported in paragraph 188, the Board's Specialist Machines Inspector discussed developments in machine design and advances in technology during some 100 visits to machine manufacturers and converters throughout Britain. In addition to those machines subject to the provisions of the Gaming Act 1968 advice was also given on other devices including skill with prizes machines, lottery ticket dispensing machines and smart card equipment. Visits were made to UK trade shows and contact maintained with overseas gaming authorities in relation to machine gaming. Training on gaming machines also forms a constituent part of Inspectorate courses provided for police and other authorities.

205. During the year HM Customs & Excise Investigation Branch continued with proceedings against the illegal use of gaming machines and were assisted by the Board's Machines Specialist Inspector in the provision of technical evidence.

Unlawful Gaming & Lotteries

206. The Board's Inspectors continue to receive reports and complaints in respect of unlawful gaming and lotteries. During the year the British Casino Association made representations to the Board alleging that the activity was on a wider scale than that previously reported. In particular the Association complained of unlawful gaming in the Soho area of London. Such activity is already well known both to the police and the Board: the police confirmed that over the period of this report some 12 prosecutions of unlawful gaming houses have taken place in the Metropolitan area nine of which were in Soho. Nevertheless it is acknowledged that the somewhat limited fines awarded and the inability of the Courts to close or disqualify premises has led to a present problem against which the current legislation offers only limited redress. The police have confirmed they will continue to enforce the provisions of the Gaming Act 1968 against these activities. So far as reports alleging unlawful gaming elsewhere in the country were concerned these tended to be limited to ethnic gaming in private which may not itself amount to contravention of the law. However the Board's Inspectorate will always seek the assistance of police in the investigation of reports which justify further action.

207. Reports are also received in respect of the unlawful supply of gaming machines. These too receive proper investigation and in appropriate cases the police are invited to initiate proceedings. In one such case fines totalling £3,000 were imposed for the unlawful supply of amusement with prizes machines. In paragraph 205 of this Report reference is made to the unlawful supply and use of video machines against which HM Customs & Excise have a number of prosecutions outstanding. This issue too has raised complaint from BACTA, the trade association for the coin operated amusement machine industry, whose members are concerned at the apparent ease with which the unlawful supply and use of these machines has spread. The Board shares the concern of the industry about this

activity and its Inspectors have been active in seeking the initiation of proceedings by the police and HM Customs & Excise and will continue to do so.

208. Inspectors also receive a considerable number of enquiries relating to the conduct of lotteries and prize competitions. In many cases the proposals made would lead to contraventions of the law and appropriate advice is given. Nevertheless numerous examples of unlawful lotteries and competitions continue to come to the notice of the Board and although some may appear to be small and relatively innocuous others offer substantial prizes. Of most concern are those which fraudulently purport to be for good causes and in such cases Inspectors will make every effort to seek the initiation of proceedings through the police. In any lottery or competition the possibility of fraud or dishonesty cannot be ignored. In one such case the manager of a lottery registered with the Board received concurrent sentences of six months and two months on seven counts of deception and falsification of accounts under the Theft Act 1968. It is also significant that in addition to these penalties the court imposed a further two months concurrent in respect of four charges of supplying the Board with false information under the Lotteries and Amusements Act 1976. This conviction followed a lengthy investigation by officers of the Metropolitan Police Company Fraud Squad.

Complaints

209. Complaints received primarily from players and the public in respect of licensed gaming and other gaming lawfully conducted under other provisions of the Gaming Act 1968 will also receive full enquiry, at the conclusion of which the complainant will be notified of the result. During the year the breakdown of complaints on which action resulted was as follows:

Casino	27
Bingo	96
Others	39

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

9 : Registered Clubs

210. Under section 10(3) of the Gaming Act 1968, the Board is required to keep under review the extent, character and location of gaming facilities provided in clubs which are registered under Parts II and III of the Act. As the process of registration is the responsibility of the local licensing authority, the Board obtains information on the administration of this part of the Act from the licensing authorities themselves. As reported in the 1990/91 Annual Report, these surveys are held at three-yearly intervals. Consequently a survey was conducted in April 1994, covering registration under Parts II and III of the Act during the period 1 April 1991 - 31 March 1994. Despite reminder action, not all returns were received in time for incorporation in this report. The figures given below are therefore from the returns received which amounted to around 93 per cent of those expected. The figures given are consequently, to some extent, underestimates of the true totals.

Registration under Part II of the Act

211. Registration under Part II of the 1968 Gaming Act allows clubs to play equal chance gaming (such as bingo) and to make charges greater than those permitted under section 40 of the Act. Renewal of a registration lasts for one year or, on application for much higher numbers as the licensing authority sees fit up to a maximum of 10 years. The 1990/91 Annual Report said that the total number of clubs registered under Part II of the 1968 Act at 31 March 1991 in England and Wales was 405, compared with 430 in 1987. In Scotland it was 105 compared with 26. On 31 March 1994 the comparative figures were 409 for England and Wales and 3 for Scotland .

212. No changes have been made to the maximum daily charge under Part II, which has remained at £2 since 1976. The Home Office have raised with the Board their wish to review this in 1994/95.

213. The following table sets out particulars of registrations in the period 1 April 1991 to 31 March 1994.

Table 21

REGISTRATIONS UNDER PART II OF THE GAMING ACT 1968 (1 APRIL 1991 TO 31 MARCH 1994)

	England and Wales	Scotland	Total
<u>Initial Applications</u>			
Granted	58	1	59
Refused	1	0	1
Not proceeded with	34	0	34
Not determined by 31 March 1994	0	0	0
Totals	93	1	94

	England and Wales	Scotland	Totals
<u>Renewal Applications</u>			
Granted	421	1	422
Refused	1	0	1
Not proceeded with	34	1	35
Not determined by 31 March 1994	0	0	0
Totals	456	2	458

Note on Table 21

During this period, 12 registrations were cancelled or relinquished in England and Wales, and none in Scotland. The corresponding figures for the previous period were 13 and 2 respectively.

Gaming under sections 40 and 41 of the Act

214. The Board does not maintain statistics on gaming under sections 40 and 41 of the Act, but it would appear that generally speaking it is low stake gaming, as the Act intended. The monetary limits on gaming under this part of the Act were increased in April 1992, in accordance with the Gaming Act Variation of Fees Order. The participation fee under section 40 was increased from 30p to 50p. Under section 41, the entrance fee/stake was increased from £2.50 to £3.00, the total value of prizes from £250 to £300. The maximum prize at a final entertainment was increased to £600.

Registration under Part III of the Gaming Act 1968

215. Registration by a club or miners' welfare institute under Part III of the Act entitles them to two jackpot gaming machines, and lasts for a period of five years.

216. The table below shows the disposal of applications made between 1 April 1991 and 31 March 1994.

Table 22

REGISTRATIONS UNDER PART III OF THE GAMING ACT 1968 (1 APRIL 1991 TO 31 MARCH 1994)

	England and Wales	Scotland	Totals
<u>Initial Applications</u>			
Granted	1412	51	1463
Refused	12	1	13
Not proceeded with	36	0	36
Not determined by 31 March 1994	3	0	3
Totals	1463	52	1515
<u>Renewal Applications</u>			
Granted	3108	342	3450
Refused	14	0	14
Not proceeded with	275	14	289
Not determined by 31 March 1994	14	0	14
Totals	3411	356	3767

217. During this period 768 registrations were cancelled or relinquished in England and Wales, and 35 in Scotland. The total number of clubs registered under Part III of the 1968 Act at 31 March 1994 in England and Wales was 13,469. In Scotland it was 1011.

218. The Board is aware of the continuing concern that some premises registered under Part III of the Act are frequented by young people under the age of 18. However the Act does provide that registration under Part III shall be refused, or may be cancelled, if it appears that the relevant premises are frequented wholly or mainly by persons under 18. From the figures collected it is not possible to tell how often cases are referred to the licensing authorities on these grounds.

Appendix I

SELECTION OF KEY GAMING INDUSTRY AND BOARD STATISTICS: 1989/90 TO 1993/94

	<u>1989/90</u>	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>	<u>1993/94</u>
<u>CASINOS</u>					
Operating at year end	119	120	120	118	118
Drop (£m)	1,881	1,929	1,914	2,061	2,230
House win as % of drop	18	18	19	19	18
American roulette as % of total drop	64.7	66.4	65.6	68.6	68.4
Applications for certificates of consent or their continuance					
(a) made	45	23	8	29	27
(b) determined (including withdrawn)	26	24	5	24	23
- of which refused	-	-	1	1	1
<u>BINGO</u>					
Clubs licensed at end of year	1,028	1,011	1,019	972	967
Amount staked (year to end August: £m)	591	618	661	715	787
Applications for certificates of consent					
(a) made	43	42	30	41	69
(b) determined (including withdrawn)	33	35	19	41	70
- of which refused	0	0	0	0	1
<u>CERTIFICATION OF CASINO AND BINGO EMPLOYEES</u>					
Certificates issued or re-issued	6,070	5,786	4,917	3,727	4,166
Applications refused	14	5	16	2	4
Certificates revoked	97	89	61	99	80

GAMING MACHINES

Jackpot (or club machines) licensed	40,720	39,416	38,401	37,207	*
Amusement with prizes (AWP) machines licensed	186,104	194,571	186,786	201,461	*
Certificates to sell, supply and maintain in force at year end	1,225	1,080	1,041	1,032	1,002
Certificates refused or revoked	6	5	6	0	3

LOTTERIES

Society scheme registrations at year end	676	905	1,074	1,072	1,086
Local authority scheme registrations at year end	55	52	51	46	85
Schemes revoked	1	1	2	3	1
Number of lotteries held under Board registered schemes	1,228	1,003	1,198	1,167	1,171
Total ticket sales (£m)	23.21	27.48	55.88	46.75	42.95

GAMING BOARD

Grant-in-aid (£m)	2.30	2.43	2.79	2.96	2.92
Staff	73	75	77	76	77
- of which inspectorate	33	35	35	34	35

* figures supplied by Customs & Excise not yet available

Appendix II

THE BOARD'S STAFF AND OFFICES SENIOR STAFF OF THE GAMING BOARD AT 31 MARCH 1994

Secretary Mr T J Kavanagh

Chief Inspector Mr W A Galston

Deputy Chief Inspector Mr R G White

Section Heads

Casino and Bingo Mr D Aldridge

Lotteries and Machines Mr P A Herman

Finance and Management
Services Mrs P J Birleson

The Board's staff as at 31 March 1994

	Grade	Staff in Post
Administrative Staff	5	1
	7	1
	SEO	1.6
	HEO†	6
	EO	6
	PS	2
	AO*	16
	AA	4
	Typists	1.5
	Messenger	1
	Paperkeeper	1
		Total
Inspectorate	Chief Inspector	1
	Deputy Chief Inspector	1
	Senior Inspector	5
	Inspectors	27
	Machines Inspector	1
	Total	35
		76

* including 5 at regional offices

† includes an accountant

Offices of the Gaming Board

Headquarters Berkshire House, 168-173 High Holborn, London WC1V 7AA

Tel. No. 071 306 6200

Fax No. 071 306 6266

Telephone enquiry numbers

Bingo Section 071 306 6238

Casino Section 071 306 6224

Certification Section 071 306 6240

Lotteries Section 071 306 6269

Machines Section 071 306 6213

Regional Offices of the Board

South East Region

Senior Inspector Mr D W Burns
Berkshire House, 168-173 High Holborn, London WC1V 7AA

Tel No. 071 306 6216

Fax No. 071 306 6268

South West Region

Senior Inspector Mr B Harris
Unit 16, Apex Court, Woodlands, Almondsbury, Bristol BS12 4XA

Tel No. 0454 616687

Fax No. 0454 613090

Midland Region

Senior Inspector Mr R G Nicholson
5th Floor, Birkbeck House, Trinity Square, Nottingham NG1 4AX

Tel No. 0602 419991

Fax No. 0602 484587

Northern Region

Senior Inspector Mr G Rimmer
Warwickgate House, Warwick Road, Old Trafford, Manchester M16 0GP

Tel No. 061 872 6016

Fax No. 061 873 8248

Scottish Region

Senior Inspector Mr K MacLean
Portcullis House, 21 India Street, Glasgow G2 4PZ

Tel No. 041 221 5537

Fax No. 041 221 5494

Appendix III

THE GAMING BOARD FOR GREAT BRITAIN RECEIPTS AND PAYMENTS ACCOUNT 1993-94

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 other expenses of 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 other expenses incurred by the Board under section 48(1) of the Act and paid out of the grant in aid, are included in this account.
3. Since 1 April 1987, the Board has been financed by a grant in aid from the Home Office administration, immigration and police support services, England and Wales [Class VIII Vote 3]. The Home Office Memorandum on payment of the grant in aid requires the Board to prepare a statement of account for each financial year in the form and on the basis directed by the Secretary of State, with the consent of the Treasury. The account is prepared on a cash basis and must properly present the receipts and payments for the financial year and the balances held at the year end. Under the Home Office memorandum the Comptroller and Auditor General is the appointed auditor to the Board. The audited and certified account is published in the Annual Report of the Board which is laid before Parliament by the Secretary of State under Section 50 of the Gaming Act 1968.
4. As the senior full time official of the Gaming Board, the Secretary carries the responsibilities of an Accounting Officer for the Board. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum.
5. 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 VIII, 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 1993-94 stated in the Board's latest memorandum trading account is £2,189,005.

6. The members of the Gaming Board for Great Britain during 1993-94 were as follows:-

Lady S. Littler (Chairman)
Mr M.H. Hogan
Mr W.B. Kirkpatrick
Sir R. Barratt CBE,QPM
Lady C.Trethowan JP

7. The Board members costs referred to in paragraph 2 above which are not included in the accounts are as follows:-

	<u>Chairman</u>	<u>Other Members</u>	<u>ERNI</u>	<u>Total</u>
	£	£	£	£
Pay	31,450	50,090	8,480	90,020
Pension	-	5,023	-	5,023
Travel	6,154	2,899	-	9,053
	<hr/>	<hr/>	<hr/>	<hr/>
	37,604	58,012	8,480	104,096
	<hr/>	<hr/>	<hr/>	<hr/>

8. 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 in chapter 2 of that report.

TJ Kavanagh
Accounting Officer
The Gaming Board for Great Britain

Date: 14 June 1994

THE GAMING BOARD FOR GREAT BRITAIN

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1994

	<u>Notes</u>	<u>1993-94</u>	<u>1992-93</u>
		£	£
H M G Grants received	2	2,895,885	2,957,200
Operating Receipts	3	<u>1,113,814</u>	<u>1,117,672</u>
		4,009,699	4,074,872
Less			
Salaries and wages	4	1,815,218	1,848,956
Other operating payments	5	<u>1,189,390</u>	<u>1,178,538</u>
		<u>3,004,608</u>	<u>3,027,494</u>
Surplus from operations		1,005,091	1,047,378
Other receipts	6	<u>148,487</u>	<u>57,447</u>
Surplus for the financial year		1,153,578	1,104,825
Appropriations	7	1,110,099	1,124,180
Excess of receipts over payments/ (payments over receipts) for the financial year		<u>43,479</u>	<u>(19,355)</u>

THE GAMING BOARD FOR GREAT BRITAIN
STATEMENT OF BALANCES AS AT 31 MARCH 1994

	<u>Notes</u>	<u>1993-94</u> £	<u>1992-93</u> £
Balance at beginning of year		84,643	103,998
Add excess of receipts over payments / (payments over receipts)		43,479	(19,355)
Balance at end of financial year	8	<u>128,122</u>	<u>84,643</u>

THE GAMING BOARD FOR GREAT BRITAIN

NOTES TO THE ACCOUNT

1. This account is drawn up in a form agreed by the Secretary of State for the Home Department with approval of the Treasury.

2. H M G Grant Received	1993-94	1992-93
	£	£
Grant Received from Class VIII Vote 3	2,895,885	2,957,200
3. Operating Receipts		
<hr/>		
Receipts of fees etc		
Section 19 certificates	304,741	251,781
Section 27 certificates	340,000	273,172
Lotteries & Amusement Act	258,641	243,512
Certificate of Consent - Bingo	183,000	143,000
Certificate of Consent - Casino	27,000	66,000
National Bingo	-	140,000
Miscellaneous	432	207
TOTAL	<hr/> 1,113,814	<hr/> 1,117,672 <hr/>

THE GAMING BOARD FOR GREAT BRITAIN

NOTES TO THE ACCOUNT

4 Salaries & Wages

Staff costs incurred in the
Financial year were:

	1993-94	1992-93
	<u>£</u>	<u>£</u>
Salaries, wages and allowances	1,499,414	1,467,200
Employer's NI contributions	120,288	108,133
Pensions and accruing superannuation liability	190,548	232,856
VAT	-	37,241
Service Charge	4,968	3,526
	<u> </u>	<u> </u>
Total Paid	<u>1,815,218</u>	<u>1,848,956</u>

THE GAMING BOARD FOR GREAT BRITAIN

Notes to Section 4

a) Senior employees

The total remuneration of Mr T J Kavanagh, as Secretary to the Board, was £47,237.

He is an ordinary member of the Principal Civil Service Pension Scheme.

b) Two senior employees received remuneration in the salary band £30,000 - £39,999

c) Salary costs

1. Average number of staff employed by the Gaming Board was

Staff 44

Inspectorate 35

2. Employee costs for the year, analysed by category, were

	Staff	Inspectorate	Total
	£	£	£
a) Salaries & Wages	672,653	826,761	1,499,414
b) Social Security Costs	52,512	67,776	120,288
c) Other Pension Costs	88,497	102,051	190,548
	<u>813,662</u>	<u>996,588</u>	<u>1,810,250</u>

THE GAMING BOARD FOR GREAT BRITAIN

NOTES TO THE ACCOUNT

5. Other Operating Payments	1993-94	1992-93
	£	£
Rent and Rates, Maintenance	646,219	602,388
Professional fees	139,905	256,697
Travelling and subsistence	189,062	176,482
Recruitment	-	16,612
Bank Charges	228	102
Postage and Telephone	36,511	37,278
Direct Dialling telephone system	46,634	-
Stationary	25,632	27,506
Publications	2,495	1,972
Hospitality	1,694	1,778
Computer	58,324	7,139
Training	8,519	5,137
Central Services	23,143	35,568
Gaming Regulators European Forum	2,211	1,713
Audit fee	8,813	8,166
	<hr/> 1,189,390 <hr/>	<hr/> 1,178,538 <hr/>

THE GAMING BOARD FOR GREAT BRITAIN

NOTES TO THE ACCOUNT

6.	Other Receipts	1993-94	1992-93
	<hr/>	<hr/>	<hr/>
		£	£
	Bank interest received	5,197	13,818
	Services reimbursed	9,182	-
	Court costs awarded	126,723	12,000
	Other miscellaneous	7,385	31,629
	TOTAL	<hr/> 148,487 <hr/>	<hr/> 57,447 <hr/>
7.	<u>Appropriations</u>		
	Amounts surrendered to the Consolidated Fund via the Home Office during the year	<u>1,110,099</u>	<u>1,124,180</u>
8.	Balance at year end		
	<hr/>		
	Cash at bank	106,645	67,306
	Cash held at offices	21,477	17,337
	TOTAL	<hr/> 128,122 <hr/>	<hr/> 84,643 <hr/>

T J Kavanagh
Accounting Officer
The Gaming Board for Great Britain

Date: 14 June 1994

CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I have audited the financial statements on pages 3 to 9 which have been prepared in a form directed by the Secretary of State for the Home Department and approved by Treasury.

Respective Responsibilities of the Gaming Board and the Auditors

As described on page 1 the Gaming Board is responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of Opinion

I have examined the financial statements referred to above in accordance with National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant judgements made by the Gaming Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements properly present the receipts and payments of the Gaming Board for Great Britain for the year ended 31 March 1994 and have been properly prepared in accordance with the directions of the Secretary of State with the approval of Treasury.

J J Jones
Associate Director
for Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

17 June 1994

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 1993 AND 31 MARCH 1994

ENGLAND	1 April 1993	31 March 1994
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 BOROUGHES, NON-COUNTY BOROUGHES AND URBAN DISTRICTS OF:-

	1 April 1993	31 March 1994
Birkenhead	1	1
Birmingham	5	5
Blackpool	2	2
Bolton	1	1
Bournemouth	4	4
Bradford	2	2
Brighton	2	2
Bristol	4	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	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 April 1993	31 March 1994
Scarborough	1	1
Sheffield	3	3
Southampton	2	2
Southend-on-Sea	2	2
Southport	1	1
Stockport	1	1
Stoke-on-Trent	1	1
Sunderland	1	1
Teesside/Middlesbrough	1	1
Torbay	1	1
Walsall	1	1
Warley	-	-
West Bromwich	-	-
Wolverhampton	1	1

WALES

THE AREAS OF THE FORMER COUNTY BOROUGHS OF:-

	1 April 1993	31 March 1994
Cardiff	2	2
Swansea	2	2

SCOTLAND

THE AREAS OF THE FORMER COUNTIES OF THE CITIES OF:-

	1 April 1993	31 March 1994
Aberdeen	2	2
Dundee	2	2
Edinburgh	4	4
Glasgow	4	4
Total:	118	118

Appendix V

GAMING FEES

	From 1 April 1992
	£
<u>Casino licences</u>	
Grant	31,400
Renewal	6,450
Transfer	6,950
<u>Bingo licences</u>	
Grant	2,585
Renewal	810
Transfer	905
<u>Casino certificate of consent</u>	
New licence	6,000
Transfer of licence	3,000
<u>Bingo certificate of consent</u>	
New licence	1,800
Transfer of licence	600
<u>Certificate to organise games of multiple bingo</u>	
Grant	145,000
Renewal (for 3 years)	140,000
<u>Registration of club or institute</u>	
Part II	185
Renewal of registration	90
Part III	96
Renewal of registration	58
<u>Gaming machines certificate (Section 27)</u>	
Grant	3,640
Renewal	1,450
<u>Employees certificate of approval (Section 19)</u>	
Certificate of approval	71

Appendix VI

INCREASES IN MONETARY LIMITS (BINGO)

	From 1 May 1993	From 1 May 1994
	£	£
Linked bingo - maximum prize	10,000	10,000
Maximum admission/ participation fee	6.40 (+ VAT)	6.60 (+ VAT)
Prize bingo - maximum aggregate stake and aggregate value of prizes	25	27.50

Appendix VII

SCOPE OF THE CASINO EXECUTIVE CERTIFICATE

The functions and responsibilities of casino executives will vary considerably from case to case. All casino executives will be expected to have a broad understanding of the legislation applying to gaming and of the obligations on the holder of a casino licence. Beyond that in considering individual applications, and in any interview, the Board will be mindful of the nature and range of the operational responsibilities of each applicant. These might fall into one or more of the following groups:

Group 1. Administration and Finance

- (i) General administration, organisation and control of the casino.
- (ii) The Gaming Act and the Regulations with particular emphasis on:-
 - Section 12 (membership)
 - Section 14 (charges)
 - Section 16 (acceptance of cheques)
 - Cheque Regulations
 - Schedule 2 - Consent and licence applications.
 - Continuation consent applications.
 - Grounds for revocation of consent.
 - Grounds for refusal to grant and renew licences.
 - Notification of changes in Directors.
- (iii) Casino Accounting. Recording of drop, win percentages and matters relating thereto. BCA guidelines relating to cheque cashing facilities. An understanding and awareness of the dangers of money laundering, money lending and fraud.
- (vi) Business promotion with particular reference to restrictions on advertising and hospitality and BCA guidelines relating to club activities and card room competitions. Use of PROS and entertainment of guests. Customer relations, particularly in respect of major high stake players. Recovery of gaming debts. Social contacts with club members.

Group 2. Casino Games

A sufficient knowledge and understanding of rules and procedures of permitted games for the arbitration of gaming disputes.

Group 3. Gaming Security

- (i) Terms of reference of Security Departments.
- (ii) Reporting procedures.
- (iii) Investigations of allegations or suspicion of malpractice by players and staff.

Group 4. Gaming Personnel Policy

Procedures for recruiting, training and managing certificated staff. Staff rules and disciplinary procedures.

Group 5. General

- (i) Health, safety and fire precautions.
- (ii) Liaison with Gaming Board Inspectors, Police, Fire and Health Authorities.

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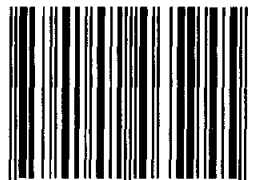
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