

## CHAPTER 16 – GAMING MACHINES

1601. **Introduction.** The guidance contained within this Chapter is based on that previously applicable to the provision of gaming through NAAFI but is now offered for generic application unless alternative VFM models are chosen locally. Throughout this Chapter, all references to THE SUPPLIER relate to the company whose gaming machines are used.

1602. **Management and Maintenance.** Where requested to do so, THE SUPPLIER will provide, manage and maintain machines on military units in GB. They may also include SNCOs' and Officers' Messes at the discretion of the Head of Establishment (HoE). The numbers and types of machines to be provided at each location will be agreed between THE SUPPLIER and the local MAC contractor, and approved by the HoE.

1603. THE SUPPLIER will ensure that machines at every site are replaced with new ones on a rolling basis in order to maximise receipts, to keep abreast of technological developments and to minimise the possibility of recurring breakdown. THE SUPPLIER's account managers will make a minimum of 6 visits to each site per annum. A formal report and action plan will be forwarded to the local MAC contractor and the HoE or his authorised representative following each visit.

1604. THE SUPPLIER will ensure availability of an engineering/repair service between 0900 hrs and 2200 hrs 364 days per annum (Christmas day exempt). The average period between receipt of a request for assistance and check-in at the site by an engineer will not normally exceed 2 hours. The parties will work together and THE SUPPLIER will work with the local MAC contractor to ensure that the services are maintained in accordance both with this SLA and the requirement that the provision of the services overall must be both cost effective and efficient.

1605. **Customer/Supplier Relationship.** THE SUPPLIER will work with the Armed Forces to establish a customer/supplier relationship with the local HoE (or his authorised representative) to monitor service delivery. If the HoE or THE SUPPLIER considers that there has been a breach of the SLA, then either party may refer to the clause entitled 'Dispute Resolution' contained in the SLA. Nothing in this SLA will prevent the local MAC contractor from providing internet cafes, but MOD will undertake that MAC contractors do not provide machines at any location at which THE SUPPLIER has been invited to provide them.

1606. **Cost and Management Fee.** THE SUPPLIER cost and management fee (which excludes rental charge) will be levied on each machine. The cost and management fee will cover sundries, licence fees and any other charges incurred by THE SUPPLIER in providing the machines. It will be retained by THE SUPPLIER from monies collected from the machines. Income remaining after deduction of the THE SUPPLIER Cost and management fee and the appropriate machine rental charge will be distributed as follows:

- a. 25% will be paid to the MAC contractor at the unit.
- b. 75% will be paid to MOD as non-public funds. For each Location this payment will be made by THE SUPPLIER to the fund nominated by that site.

1607. Exceptions to this distribution are detailed in 2006 DIN02-072. Payments will be made at intervals in accordance with THE SUPPLIER's accounting periods and no later than one month after the end of each accounting period.

1608. **Cash Floats.** THE SUPPLIER will be responsible for the provision of the initial cash float as and when a new machine is installed. THE SUPPLIER will recoup this float from subsequent collections and will thus have first claim to the income of the machine before any further distribution of share between the MAC contractor and MOD.

1609. **Monthly Management Information.** THE SUPPLIER will provide to the Service representatives, without prejudice, monthly management information on a machine-by-machine basis, grouped by site, as an audit trail to support the make-up of the income distribution and to enable continued cost-effectiveness to be monitored.

1610. **Responsibility for Cash.** Responsibility for cash inside any machine rests with the MOD and the relevant contractor (as appropriate) until such time as THE SUPPLIER signs for cash on collection. If any cash is stolen the loss will be borne in the proportion that the cash would have been split between the unit and the contractor. THE SUPPLIER shall retain the right to charge a management fee for any machine incurring such a loss.

1611. **Queries.** Queries relating to gaming machine policy should be addressed in the first instance to DIO and/or the Service representatives.

1612 – 1699. Reserved.

## ANNEX A HESTIA - GAMING MACHINES

### References:

- A. HESTIA Booklet 1 Glossary.
- B. HESTIA Booklet 5 Annex C - Training establishments.
- C. Catering retail and leisure User Guide - Games and gaming machines.

### 1. **TOTAL FACILITIES MANAGEMENT STANDARD OPERATING PROCEDURE (SOP) 19.**

For HESTIA Contracts, the individual TLBs are free to negotiate with all providers of Gaming and Entertainment Machines ensuring they receive value for money for the service. For HESTIA Contracts, Heads of Establishments (HoE) are encouraged to consider provision of gaming facilities through their incumbent HESTIA Contractor. HESTIA contracts do not mandate provision or supply of gaming machines, however if the HESTIA Contractor does supply a gaming machine then HESTIA Conditions of Contract and Pricing instructions are to be followed and the machines become 'Contractor Managed Gaming Machines'.

2. **Responsible Provision of Gaming Machines.** Provision of gaming machines through the HESTIA can only be with the agreement of the HoE. HESTIA Contractors commit to Amusement with Prizes (AWP) machines that will have pre-agreed amounts for each play and an agreed maximum jackpot pay-out. These amounts will both be kept relatively low to discourage recklessness. Additionally, the ratio of money paid out to coins put in, is regulated to be high (75:80%) to avoid profiteering. HESTIA Booklet 3 Annex C advises the need to control and separate facilities for pre-eligible Phase 1 Recruits to maintain the duty of care of young recruits by banning the use of gambling machines. For Phase 2 locations, access to 'Amusement Machines' and 'Skills with Prizes' machines are permitted with the agreement of the HoE.

3. **Gaming Machine Income Distribution.** The Contractor shall pay the Employer a share of the controlled profit made from gaming machines and entertainment or amusement machines, this includes music boxes and skills-based machines. The profit share due to the HoE shall be a sum equal to 75% of the profit as set out in the Gaming Income Distribution Report. The income distribution payment from Contractor to HoE is out-with the HESTIA invoice process and arrangements for financial transfers from the Contractor to the HoE, is agreed by both parties at the Establishment level. The DIO Service Manager will record the Gaming Machine Income Distribution in his assessment report for the payment period regardless of the provider of the machines.

4. **Recording Gaming Machine Income.** Gaming machine income will not be part of the HESTIA monthly/annual invoicing procedures. If the provider of the gaming machine(s) is the HESTIA Contractor, then the Contractor will produce a monthly statement for the HoE and a copy will be sent to the SD Service Manager for information and inclusion on the Infrastructure Combined Monthly Meeting financial report.