

Government response to Measures relating to the land-based gambling sector

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Executive summary

This response forms part of the government's smarter regulation programme of regulatory reform measures that began in May 2023 with the publication of Smarter regulation to grow the economy. Smarter regulation is about improving regulation and guidance for businesses across the board, ensuring it is clear, proportionate and does not unnecessarily impose burdens on businesses which restrict innovation and growth.

The Department for Culture, Media and Sport (DCMS) published its gambling white paper in April 2023, which set out the government's plans for modernising the regulation of the gambling sector. A series of key proposals specifically relating to the land-based gambling sector were outlined in the white paper, including measures to adjust outdated regulatory restrictions applying to the sector.

From 26 July to 4 October 2023, DCMS conducted a public consultation on these measures. Following analysis of the evidence submitted, the government intends to implement the following measures:

- **Relaxation on casino rules:** allowing 1968 Act casinos to increase the number of their gaming machines to 80 if they meet the size requirements of a Small 2005 Act casino and allowing smaller 1968 Act casinos more than 20 machines, on a pro rata basis commensurate to their size, and permitting betting in all casinos
- **Machines in arcades and bingo halls:** allowing a 2:1 ratio of Category B to Category C and D gaming machines in arcades and bingo halls, implemented on a device type basis
- **Cashless payments on gaming machines:** removing the prohibition on the direct use of debit cards on gaming machines, subject to the introduction of appropriate player protection measures
- **Introduction of a legal age limit of 18 for certain gaming machines:** protecting children and young people by banning anyone under the age of 18 from playing low stake Category D slot-style machines that pay out cash
- **Licensing authority fees:** increasing the maximum chargeable premises licensing fees by 15%

2023 consultation

We received 87 responses to the land-based gambling consultation. The responses received represented a wide variety of stakeholders, including: researchers, adult gaming centre (AGC) operators, bingo operators, campaign organisations, casino operators, individuals, local authorities, pub representatives and responses from the wider gambling industry. We

also received 16 additional responses to a supplementary consultation which was held specifically to gather further evidence on the reform of the 80/20 rule. The majority of these responses came from respondents who submitted evidence to the original consultation. However, we also received evidence from a small number of additional respondents.

In general, responses received from gambling industry respondents typically argued for the most liberalised position across the range of measures outlined in the consultation. Industry responses frequently highlighted the commercial pressures placed on their businesses in recent years - as a result of COVID-19 inactivity and rising energy costs - as a central reason for necessitating greater commercial flexibility. Many also highlighted the changing gambling landscape since the 2005 Gambling Act and the need for new regulation which is proportional to the gambling-related harm risks associated with the sector. By contrast, licensing authorities and respondents from the third sector tended to highlight the risk of increased gambling-related harm as a result of increasing commercial flexibility for businesses. The majority of these respondents argued for measures which tended to be more restrictive of the gambling products available within the land-based sector.

Next steps

Gambling policy is substantially reserved in Scotland and Wales but devolved in Northern Ireland. This consultation relates to land-based gambling provided to customers in Great Britain, by operators who are consequently required to hold the appropriate licence from the Gambling Commission.

This response provides non-remote gambling operators with clear notice of our intention to introduce the measures set out within this government response. Following publication of this response, six regulations will be laid before Parliament:

- Measures relating to casinos - one draft affirmative and one made negative statutory instrument
- Amending the 80/20 rule for arcades and bingo halls - draft affirmative statutory instrument
- Allowing direct use of debit cards on gaming machines - made negative statutory instrument
- Introducing an age-limit on certain types of Category D gaming machines - draft affirmative statutory instrument
- Increasing the maximum cap that licensing authorities can charge - made negative statutory instrument

Introduction

This response forms part of the government's smarter regulation programme of regulatory reform measures that began in May 2023 with the publication of Smarter regulation to grow the economy. Smarter regulation is about improving regulation and guidance for businesses across the board, ensuring it is clear, proportionate and does not unnecessarily impose burdens on businesses which restrict innovation and growth.

In April 2023, DCMS published its white paper on gambling setting out the government's plans for bringing the regulation of the gambling sector into the digital age. It set out over 60 evidence-based proposals to respond to the risks and opportunities which have emerged since the Gambling Act 2005.

The modernisation of out-dated and restrictive land-based measures was a core component of the proposals outlined in the white paper. The white paper acknowledged that the emergence of new technology and the availability of online gambling since the Gambling Act 2005 came into force has substantially altered the gambling landscape. In September 2019, the Gross Gambling Yield (GGY) generated by remote gambling overtook that of land-based gambling for the first time (excluding lotteries).

With this in mind, the government committed to ensuring that the regulation of land-based gambling is fit for the modern age and is proportionate to the risk associated with the gambling products on offer. The characteristics of land-based products have substantially improved since the introduction of the Gambling Act 2005. For example, safer gambling functionality is now available and widely used on many gaming machines. This is in addition to improvements in monitoring and staff supervision of customers. However, we recognise that a minority of customers do experience gambling-related harm and that it is necessary to have safeguards in place to protect customers.

The land-based gambling sector, unlike the online gambling sector, has faced significant challenges in recent years as a result of business inactivity during periods of COVID-19 restrictions. In addition, operating costs have risen significantly over this period, especially as a result of rising energy costs, which have increased by over 225% for some operators. As a consequence, many venues have closed in recent years, impacting local communities through the loss of jobs and decreased economic activity. For example, the number of bingo halls across the UK declined from 335 at the end of 2018 to 251 as of January 2024. These venues are important local institutions which promote social cohesion and help safeguard against social isolation.

The policy proposals set out in this government response are intended to modernise the land-based gambling sector and help it to thrive sustainably. This includes ensuring that appropriate safeguards against gambling-related harm are in place.

Summary of policies we intend to implement

Casino measures:

We will bring greater coherence to the casino licensing system by allowing 1968 Act casinos of a certain size to have the same gaming machine allowance as Small 2005 Act casinos, subject to the same machine to table ratio of 5:1. We will also permit a smaller increase in machines for venues that do not meet the size requirements, proportionate to their overall size and non-gambling area. All casinos will be allowed to offer betting, which was previously restricted to 2005 Act casinos.

Gaming machines in arcades and bingo halls

We will introduce a 2:1 ratio of Category B to Category C and D gaming machines. This measure will apply on a device type basis, meaning that the ratio applies across the three different types of device on which gaming machines content is currently offered in arcades and bingo halls, namely cabinets, in-fills and tablets. In practice, this means that two Category B gaming machines on a cabinet device type can be made available to a minimum of one Category C or D gaming machine on a cabinet device type. The same applies for in-fills and tablets.

Cashless payments on gaming machines

We will allow direct debit card payments to be made on gaming machines, subject to the player protection measures outlined within this government response. Key player protections include account verification on each transaction and a transaction limit of £100. The Gambling Commission will also consult on a number of player protection measures that may be included in their Gaming Machine Technical Standards to ensure that appropriate frictions are in place when direct debit card payments are used.

Introduction of an age limit on 'cash-out' Category D slot-style machines

We will introduce an age limit of 18 and over for the use of 'cash-out' Category D slot-style gaming machines. To ensure that this is enforced we will make it a criminal offence to invite, cause or permit someone under the age of 18 to use these machines. We also propose that industry fund, conduct, and, crucially, report on the outcomes of voluntary test purchasing to DCMS. We will work with the relevant trade bodies and operators to understand the feasibility of this proposal and the frequency of any reporting to DCMS.

Review of licensing authority fees

We will increase the maximum premises licence fees which can be charged by local authorities by 15%. This fee enables licensing authorities to fund their enforcement and administrative gambling duties on a cost recovery basis.

Chapter 1: Casino measures

Summary

The consultation proposed a number of measures with a view to modernising the regulation that applies to land-based casinos. The casino measures section of the consultation received 41 responses from a variety of stakeholders, including gambling operators and trade bodies, local government organisations, campaign groups and academics.

Respondents from the land-based gambling industry were generally supportive of proposals which would remove restrictions on supply, pointing to the unrestricted availability of the same products online. Contrastingly, respondents from local government, campaign groups and academia were more cautious about any measures which could be seen as increasing the supply of gambling opportunities, due to links between rates of gambling participation and gambling-related harm.

Based on the responses to the consultation, we intend to implement a new, optional regime for casinos originally licensed under the Gaming Act 1968 (converted casinos), with a series of different requirements compared to the current regime (for converted casinos):

- Increase in the maximum number of Category B gaming machines permitted from 20 to 80 per premises licence
- A sliding scale to apply for gaming machine allowances, commensurate with factors including the size of the gambling and non-gambling areas
- A limit of 80 Category B gaming machines per location regardless of the number of premises licences held
- A maximum machine to table ratio of 5:1
- A minimum table gaming area requirement
- Betting to be permitted, with a sliding scale for the number of self-service betting terminals that casinos are able to site

We also intend to make two adjustments to requirements for Small 2005 Act casinos:

- Change in the maximum permitted machine to table ratio - from 2:1 to 5:1
- Reduction in the minimum required table gaming area - from 500sqm to 250sqm

Gaming machine allowance for 1968 Act casinos

Q1.b. Please explain your answer. If you selected 'No', please provide an alternative proposal for gaming machine entitlements if you have one. (Optional response)

[Open text box]

Q2.a. If you are an operator, do you intend to take up these new entitlements?

(Mandatory response)

[Yes / No / I don't know / Not applicable]

Q2.b. [Shown if Yes is selected] Do you intend to site the maximum number of machines available to you? (Mandatory response)

[Yes / No / I don't know]

Q2.c. Please explain your answer. (Optional response)

[Open text box]

Q3.a. If you are an operator with more than one premises licence at the same location, do you intend to take up these new entitlements for each licence?

(Mandatory response)

[Yes / No / I don't know / Not applicable]

Q3.b. Please explain your answer. (Optional response)

[Open text box]

Q4.a. Do you perceive there to be any issue with allowing multiple casino licences in the same physical location if gaming machine entitlements are increased as proposed? (Mandatory response)

[Yes / No / I don't know]

Q4.b. Please explain your answer, including any suggested changes to the regulatory framework where applicable. (Optional response)

[Open text box]

Q5.a. How do you expect the measures allowing more gaming machines in 1968 Act casinos that meet certain size requirements to affect the demand for gaming machines in casinos? (Mandatory response)

[Large increase in demand / Small Increase in demand / No change in demand / Small decrease in demand / Large decrease in demand / I don't know]

Q5.b. Please explain your answer. (Optional response)

[Open text box]

Q6.a. How do you expect the measures allowing more gaming machines in 1968 Act casinos to impact the provision of other product offerings within casinos e.g. table gaming? (Mandatory response)

[Large increase in the provision of other product offerings / Small increase in the provision of other product offerings / No change in provision of other product offerings / Small decrease in the provision of other product offerings / Large decrease in the provision of other product offerings / I don't know]

Q6.b. Please explain your answer. (Optional response)

[Open text box]

Q7.a. The government is proposing to operate two regimes for 1968 Act casinos whereby they can either operate under the existing rules with no increase to their gaming machine allowance or they can take up their new gaming machine entitlements under the new rules. Do you agree with this proposal? (Mandatory response)

[Yes / No / I don't know]

Q7.b. Please explain your answer. (Optional response)

[Open text box]

Q8. Please provide any views or any other information on the adequacy of player protections for those using gaming machines in casinos. Please include any examples of best practice if possible. (Optional response)

[Open text box]

Summary of consultation responses

Questions 1-8

Sliding scale for gaming machine entitlements

A sliding scale was proposed in the consultation which detailed potential requirements across (i) gambling space; (ii) table gaming space; (iii) non-gambling area; and (iv) machine to table ratio. Venues would be required to comply with these requirements in order to increase their gaming machine allowance.

When asked about the sliding scale requirements, there was a similar level of agreement from the 40 respondents across gambling area, non-gambling area and machine to table ratio requirements, but greater opposition to minimum table gaming area - 63% of respondents were not in favour of the minimum table gaming area requirement. This opposition was primarily from industry stakeholders, who argued that the other space requirements and the imposition of a machine to table ratio would ensure a balance between table gaming, machines and non-gambling space.

Some respondents were opposed in principle to any increase in the level of gaming machines available in casinos - 46% of those that responded were opposed to the idea of a new regime with greater gaming machine entitlements, pointing to evidence that suggested that Category B machines are the category most commonly associated with gambling-related harm. These respondents also suggested that increasing the availability of gaming machines will not make customers more likely to take breaks, due to the prospect of other customers taking over their machine and claiming their 'perceived winnings'.

Take up of maximum entitlement

Seven operators replied to this section of the consultation, some of which account for multiple venues and a significant proportion of the land-based casino sector. When asked about the likely impact of the proposed changes, if a new regime were to take effect with the proposed new maximum of 80 gaming machines, the majority of operators (88%) stated they would look to move onto this regime. Subsequent discussions with industry have indicated that this would equate to the majority of casinos in practice.

Over half of respondents who indicated an intention to move onto the new regime stated they would look to take up the maximum entitlement of 80 gaming machines in at least some of their venues (57%).

A new regime

It was proposed that the requirements would form part of a new regime that operators would have the option of moving onto, taking up a new gaming machine entitlement under the new rules. All respondents (41) were asked whether they agreed with this principle. More respondents were opposed than in favour, but this largely stemmed from those who are opposed to any increases in the supply of gambling opportunities, rather than operators and industry stakeholders.

Multiple licences

There were mixed views on casinos' ability to hold multiple licences at the same physical location. Forty responses were received to this question, with 60% opposed to venues being able to hold multiple licences. An examination of the responses shows that respondents were of the view that the maximum entitlement would apply per licence, with no restrictions on the overall maximum per physical location. In this instance, a casino with three premises licences could theoretically site a maximum of 240 gaming machines, which would not be the policy intention. Very few responses were received by operators who hold more than one premises licence at the same location, but the majority of these indicated that they would not look to take up the maximum entitlement of 80 machines per licence were it to be an option.

Impact on demand

Twenty-four respondents provided a view on how demand would change as a result of the proposed measures. Most respondents (54%) anticipated a small increase in demand from the proposals, as a result of better matching demand with supply. Respondents had differing views on the impact on other gambling products. Forty-two per cent expected a small increase in the supply and availability of other gambling products, while 41% expected either a small decrease or large decrease in the supply of other gambling products.

Our response

Sliding scale

The government proposes to introduce a sliding scale for 1968 Act casinos that wish to increase their gaming machine entitlement, as follows:

Figure 1: Proposed sliding scale for 1968 Act casinos

Minimum Gambling area (sqm)	Minimum Table gaming area (sqm)	Minimum Non-gambling space (sqm)	Max number machines	Tables to attract max. machines
500	250	250	80	16
480	240	240	75	15
460	230	230	70	14
440	220	220	65	13
420	210	210	60	12
400	200	200	55	11
380	190	190	50	10
360	180	180	45	9
340	170	170	40	8
320	160	160	35	7
300	150	150	30	6
280	140	140	25	5

This is consistent with the sliding scale detailed in the consultation. In making this proposal we acknowledge some concerns from industry stakeholders about the necessity of a table gaming area requirement. However, in updating the regulatory framework we intend to ensure that if the preferred setup of a casino changes in future, an appropriate balance of product remains - both in terms of space and product numbers. It is our view that a table gaming area should underpin the concept of a casino which can offer more than 20 Category B gaming machines, where there is not only a clear delineation between gambling areas and non-gambling areas but also a separation between the provision of gaming (casino and equal chance table games) and other gambling such as gaming machines and/or betting. A minimum table gaming area requirement in legislation will ensure that a minimum amount of space is reserved for casino games (the primary purpose of the operating licence under section 7 of the Gambling Act 2005) and also protect against any innovation that may circumvent the spirit of the legislation such as smaller tables with one or two player positions. Feedback from engagement with operators has indicated that the sliding scale as proposed would benefit the majority of casinos, with over 80% of casinos estimated to benefit depending on how floor space is reconfigured.

We also acknowledge concerns about an increased availability of machines potentially leading to greater opportunities for gambling-related harm. However, as outlined in the white paper, casinos are required to have appropriate protections in place around player monitoring, and many casinos have adopted a range of measures including monitoring customer expenditure in real time and algorithmic systems that identify customers at risk from playing patterns. Gaming machines must also have suitable characteristics to mitigate against the risk of gambling-related harm, and these characteristics will be in place for any additional gaming machines.

A new regime

The government proposes that a new regime will apply to 1968 Act casinos that seek to increase their gaming machine entitlement. This would be consistent with the intention to bring greater consistency to between the 1968 Act and 2005 Act regimes. We will give further consideration to these casinos having the option of reverting back to the existing (current) regime, as this will be a decision unavailable to 2005 Act Small casinos.

Ability to hold multiple casino licences

The government proposes that casinos will continue to be able to utilise multiple premises licences at the same physical location, as long as operators are abiding by the relevant mandatory conditions that are attached to casino premises licences, including those set out in Part 1 of Schedule 1 of the Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations 2007. However, it is our intention to apply a fixed maximum of 80 gaming machines per physical location. As some casinos currently hold two or three premises licences within a single location, without taking this step there could be a possibility of 160 or 240 machines being sited in one place, which would be inconsistent with the policy intention and an option unavailable to Small 2005 Act licensees. Despite indications from operators that there would not be appetite to site more than 80 machines in a single location, we want to ensure that this is not a possibility, removing the risk that these casinos could site more machines than a Small or even Large 2005 Act casino.

Changes to the machine to table ratio

The consultation asked the following questions on changing the machine to table ratio for 1968 Act and Small 2005 Act casinos:

Q9.a. Should the government introduce a 5:1 machine to table ratio for all casinos except those 1968 Act casinos that remain on the existing licensing regime? (Mandatory response)

[Yes / No / I don't know]

Q9.b. Please explain your answer. (Optional response)

[Open text box]

Q10. Please share any evidence or information that is relevant to the proposed amendment to the definition of gaming tables since the government stated its intention to make this change in 2018. (Optional response)

[Open text box]

Summary of consultation responses

Questions 9-10

Thirty-nine responses were received to these questions in the consultation. More respondents were in favour of a 5:1 ratio than opposed - 58% of those that didn't answer '*I don't know*' were in favour of the 5:1 ratio. A notable number of respondents answered '*I don't know*' (26%), indicating some level of uncertainty. Those in opposition to a 5:1 ratio preferred a lower ratio such as 3:1, due to a belief that casinos should not become machine-led venues. These respondents would prefer to see table games as the most common activity under a casino licence, highlighting that table games are more likely to lead to breaks in play.

Our response

The government proposes that a 5:1 machine to table ratio is implemented for both 1968 Act casinos that move onto the new regime and Small 2005 Act casinos, superseding the current 2:1 ratio requirement in place for Small 2005 Act casinos. In updating this ratio, we intend to amend the definition of "gaming table" for the purposes of section 172(3) to (5) of the Gambling Act 2005 so that only tables where the apparatus is controlled or operated by casino staff count for the purposes of the ratio.

Currently, the Gambling Act 2005 (Gaming Tables in Casinos) (Definitions) Regulations 2009 provide that a wholly automated gaming table is not a "gaming table" for the purposes of s172(3) to (5) of the Act. An example of a wholly automated gaming table is an automatic roulette wheel into which the ball is inserted not by a human dealer but at regular intervals by

the mechanism itself, and bets are placed at touch screen terminals. Furthermore, the regulations stipulate that real equal chance gaming tables (e.g. poker) are not considered as gaming tables for the purposes of section 172(3) to (5) of the Act. Therefore both wholly automated gaming tables and table games of equal chance do not attract any gaming machine allowance for the purposes of meeting the machine to table ratio.

We will amend these regulations so that gaming tables where staff are not present and the player operates or controls the gaming apparatus are also excluded for these purposes. This will ensure that gaming products, such as single-player games in which the player presses a switch or button, or pulls a plunger or lever, to release a ball or set of balls cannot count towards the machine to table ratio. These products do not count as gaming machines, but neither do they provide any of the benefits of a multiplayer table in contributing to a balanced mix or affording opportunities for social interaction.

Although we intend to change the definition of “gaming table” for the purpose of the ratio, the effect of the references to “table gaming” in the Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations 2007 and Gambling Act 2005 (Premises Licences and Provisional Statements) Regulations 2007 will not change as a result of our proposed amendments.

The updated ratio requirements will ensure a balanced offer of gaming products in casinos, bring consistency across the different types of licence, and address issues that have arisen in Small 2005 Act casinos from a 2:1 ratio. Any 1968 Act casinos that wish to remain on the existing regime will be able to do so and are not required to adjust their product offering (unless they decide to take up the opportunity to offer facilities for betting).

Size requirements for different casinos

The consultation asked the following questions on the size requirements for different casinos:

Q11.a. Do you agree with the proposed (i) minimum gambling area; (ii) table gaming area; and (iii) non-gambling area requirements for 1968 Act casinos under the new regime? (Mandatory response)

[Yes / No / I don't know]

Q11.b. Please explain your answer. (Optional response)

[Open text box]

Q11.c. Should the minimum table gaming area for Small 2005 Act casinos be

reduced to 250sqm? (Mandatory response)

[Yes / No / I don't know]

Q11.d. Please explain your answer. (Optional response)

[Open text box]

Q12.a. Should access to a greater number of gaming machines require compliance with each of the three size requirements outlined above?
(Mandatory response)

[Yes / No / I don't know]

Q12.b. Please explain your answer. (Optional response)

[Open text box]

Q13.a. Which approach do you think should be taken in relation to the maximum gambling area for 1968 Act casinos? (Mandatory response)

[All 1968 Act casinos must have a gambling area less than 1,500sqm / All 1968 Act casinos must have a gambling area less than 1,500sqm, with an exemption for 1968 Act casinos that are currently open and have a gambling area of 1500sqm or more / No maximum gambling area at all for 1968 Act casinos / Other / I don't know]

Q13.b. Please explain your answer. (Optional response)

[Open text box]

Q14.a. Should separate table gaming areas of 12.5% or more only be allowed to count towards the total table gaming area for 1968 Act casinos under the new regime? (Mandatory response)

[Yes / No / I don't know]

Q14.b. Please explain your answer. (Optional response)

[Open text box]

Q15.a. Under current regulations, the following areas can be used to calculate the non-gambling area in a 2005 Act and 1968 Act casino:

- **Facilities for gambling cannot be provided in the non-gambling area.**
- **Lobby areas and toilet facilities may be taken into account but the non-gambling area shall not consist exclusively of lobby areas and toilet facilities.**
- **Each separate area comprising the non-gambling area, other than the lobby areas and toilet facilities, must contain recreational facilities that are available for use by customers on the premises.**
- **Any non-gambling area may consist of one or more areas within the premises.**

Do you agree that this should remain the same under the new regime?

(Mandatory response)

[Yes / No / I don't know]

Q15.b. Please explain your answer, including an alternative solution for how to calculate non-gambling areas where applicable. (Optional response)

[Open text box]

Summary of consultation responses

Questions 11-15

This section of the consultation received 43 responses. Respondents were in favour of venues having to comply with all of the sliding scale requirements in order to increase their gaming machine allowances. Of those that answered 'Yes' or 'No', 58% were in favour of this being applied. Some respondents used this section of the consultation to further highlight their opposition to the minimum table gaming area requirement. When asked about the proposed minimum gambling area, table gaming area and non-gambling area requirements, the table gaming element received one-third less support than the other two requirements.

With regard to venues currently operating with a gambling area of 1500sqm or more, the strongest preference from consultation respondents was for these venues to be made to reduce their gambling area below 1500sqm.

A fairly even number of respondents were for and against the 12.5% rule applying for 1968 Act casinos, whereby any table gaming area would only count towards the minimum table gaming area if it constitutes 12.5% or more of the total table gaming area in the venue. Of those that didn't answer '*I don't know*', 47% were in favour of this applying and 53% were opposed.

When asked about the reduction in minimum table gaming area in Small 2005 Act casinos from 500sqm to 250sqm, more respondents were in favour of this being applied than opposed. Fifty two per cent of those who didn't answer '*I don't know*' supported the proposal, while 48% were against. Those opposed to the reduction preferred a larger minimum table gaming area requirement in place such as 350sqm.

Our response

The government proposes that venues will be required to comply with all specified sliding scale requirements in order to access the enhanced gaming machine entitlement. As referenced in our response to the '*Gaming machine allowance for 1968 Act casinos*' section, we acknowledge concerns from stakeholders about the necessity of a table gaming area requirement given the sliding scale includes a specified number of tables. However, as outlined previously, it is our view that a table gaming area underpins the concept of a casino, where there is not only a clear delineation between gambling areas and non-gambling areas but also a separation between the provision of gaming (casino and equal chance table games) and other gambling such as gaming machines and/or betting. Requiring a minimum table gaming area requirement in legislation would ensure that a minimum amount of space is reserved for casino games and also protect against any innovation that may circumvent the spirit of the legislation, such as smaller tables with a reduced number of player provisions.

With regard to casinos that currently operate with a gambling area of 1500sqm or more, these casinos will be permitted to remain open with their current gambling area. The exemption for these casinos will apply from 16 May 2024 (the date on which the consultation response was published) and take account of any already submitted expansion plans. Exempt venues will be prevented from increasing their gambling area further from 16 May 2024. Despite respondents indicating a preference for venues to be made to reduce their gambling area, we think this is a fair exemption for the small number of casinos that it will apply to. Furthermore, this exemption is tightly drawn to reduce any advantages that these casinos may gain compared to their competitors.

The same 12.5% rule that applies in 2005 Act casinos is also proposed to apply for 1968 Act casinos that seek to move onto the new regime. This would mean any table gaming area would only count towards the minimum table gaming area if it constitutes 12.5% or more of the total table gaming area in the venue. This will ensure that only distinct and sizeable table gaming areas can count towards the total, giving customers a genuine mix of products that are easily accessible and identifiable in a casino.

Small 2005 Act casinos will also experience a reduction in their required minimum table gaming area, from 500sqm to 250sqm. This is viewed as a more proportionate table gaming area compared to other floor space requirements, and will ensure parity with 1968 Act casinos.

Betting in 1968 Act casinos

The consultation asked the following questions on allowing betting in 1968 Act casinos:

Q16.a. Should all 1968 Act casinos be permitted to offer sports betting, regardless of size? (Mandatory response)

[Yes / No / I don't know]

Q16.b. Please explain your answer. (Optional response)

[Open text box]

Q17.a. Do you agree with the proposed entitlements for Self-Service Betting Terminals (SSBTs) based on the sliding scale? (Mandatory response)

[Yes / No / I don't know]

Q17.b. Please explain your answer, including an alternative proposal for SSBT entitlements where applicable. (Optional response)

[Open text box]

Q18.a. If you are a casino licence operator, what impact is permitting sports betting expected to have on the Gross Gambling Yield (GGY) of your casino(s)? (Mandatory response)

[Significant increase / Slight increase / No impact / Slight decrease / Significant decrease / I don't know / Not applicable]

Q18.b. Please explain your answer. (Optional response)

[Open text box]

Q19. If your casino already offers sports betting, what is the GGY from this activity? Please provide an estimate if you do not have an exact figure. (Optional response)

[Open text box]

Q20.a. What impact is permitting sports betting expected to have on revenue from non-gambling activities e.g. increased income from sports bars which allow customers to place a bet? (Mandatory response)

[Increased revenue / No impact / Decreased revenue / I don't know]

Q20.b. Please explain your answer. (Optional response)

[Open text box]

Q21. What player protections could be adopted in casinos for those customers participating in sports betting? (Optional response)

[Open text box]

Summary of consultation responses

Questions 16-21

There were 39 responses to this section of the consultation. An identical proportion of respondents thought sports betting should be permitted as shouldn't be permitted in land-based casinos, with a small number selecting '*I don't know*'. Opposition tended to come from those who are opposed to any increase in supply of gambling opportunities in land-based premises, while the industry was expectedly supportive.

Those opposed to sports betting in casinos suggested that a broader range of products makes it easier for gamblers to move from activity to activity, upscaling losses and potential harms. It was also suggested that customers who do not normally engage in sports betting online may be encouraged to do so via availability in a casino.

Respondents in favour of sports betting pointed to evidence of casino customers placing sports bets via mobile devices while in casinos, with casinos being an environment in which people habitually watch sport. It was also highlighted that sportsbooks are a common expectation in casinos in other jurisdictions, and this move would bring Great Britain's casino experience in line with other countries.

A sliding scale was proposed for Self-Service Betting Terminals (SSBTs) to offer sports betting - respondents were generally supportive of the scale, but industry stakeholders were keen to highlight that they expect sports betting to have a very small impact on their business and do not intend to site many SSBTs. Some industry stakeholders questioned the necessity of the sliding scale given the numbers of SSBTs where they are currently permitted are low, and this could be seen as adding to an already complex regulatory framework.

When asked about the impact on GGY from sports betting, all operators stated that this would have either a slight increase or no impact on their overall GGY. They did however indicate that the presence of sports betting in venues would likely lead to an increase in revenue from non-gambling products such as sports bars.

Our response

The government proposes that betting is permitted in all casinos, with a sliding scale for Self-Service Betting Terminals, as follows:

Figure 2: Proposed sliding scale limit on number of Self-Service Betting Terminals (SSBTs) in casinos

Minimum total gambling area (sqm)	Number of SSBTs
500	40
480	38
460	36
440	34
420	32
400	30
380	28
360	26
340	24
320	22
300	20
280	18
Less than 280	16

This will enable casinos to meet customer demand and bring Great Britain’s casino product offering more in line with international jurisdictions. This measure will also bring greater consistency to the different licensing regimes and greater parity between online and land-based casinos. The sliding scale will also ensure that there remains a link between gambling space and betting terminals so that the electronic offering in a casino does not overwhelm the live table offering.

In order to include SSBTs as part of a sportsbook offering, casinos would be required to apply for a remote general betting standard real events licence. It will not be possible for a licensee to rely on an ancillary remote betting licence, even where the SSBT offer is alongside a non-remote offer as the ancillary licence is bound to a betting premises licence.

Accessing the enhanced gaming machine entitlement

The consultation asked the following questions on accessing the enhanced gaming machine entitlement:

Q22.a. Do you agree with the proposal that casino operators will be required to notify licensing authorities and the Gambling Commission if they decide to take-up their entitlement to additional gaming machines under the new regime? (Mandatory response)

[Yes / No / I don't know]

Q22.b. Please explain your answer. (Optional response)

[Open text box]

Summary of consultation responses

Question 22

The majority of respondents (93%) agreed that operators should be required to notify licensing authorities and the Gambling Commission if they decide to take-up the entitlement to additional gaming machines under the new regime. Respondents pointed to the need for authorities to undertake appropriate licence checks, and therefore it is essential that operators are transparent about any changes of circumstances. This would also assist in evaluating the impact of any changes.

Our response

We agree that operators should be required to notify licensing authorities and the Gambling Commission if they decide to take-up the entitlement to additional gaming machines under the new regime. However, we do not intend on changing any of the requirements placed on operators as we think that the current regulatory framework will ensure that licensing authorities and the Commission are notified when changes are proposed to premises under these circumstances.

For casinos moving onto the new regime, section 187 of the Gambling Act 2005 should require operators to apply to the licensing authority to vary their premises licence. Operators moving onto the new regime would almost certainly result in a material change to the layout of the premises. As set out in section 151 of the 2005 Act and in the Gambling Act 2005 (Premises Licences and Provisional Statements) Regulations 2007, the operator will also need to submit an up-to-date plan showing their table gaming area, other gambling areas and non-gambling areas. Currently, 1968 Act casinos are not required to have a table gaming area so the premises plan will need to be updated accordingly. Operators will also need to be able to demonstrate that their new gambling and non-gambling areas abide by

the updated rules in the Mandatory and Default Conditions, which will include the sliding scale and other restrictions on the sizes of different areas of the casino.

Operators will also need to provide information to the Gambling Commission, as set out under Ordinary Code Provision 8.1.1. We would expect operators to inform the Commission that they are intending to move onto the expanded regime as these changes will have a material impact on an operator's business. This will help ensure that operators are operating within the regulations and enable licensing authorities to undertake appropriate licence checks.

Licence Fees

The consultation asked the following questions on licence fees.

Q23.a. Should the operating and premises licence fees that apply to 2005 Act casinos also apply to 1968 Act casinos that increase their gaming machine entitlements? (Mandatory response)

[Yes / No / I don't know]

Q23.b. Please explain your answer. (Optional response)

[Open text box]

Summary of consultation responses

Question 23

Of those who didn't answer '*I don't know*', 80% of respondents favoured operating and premises licence fees being the same for Small 2005 Act casinos and 1968 Act casinos that elect to increase their gaming machine entitlement. The main reason cited for this was to ensure consistency and parity between the regimes. Some operators were keen to highlight the increasing cost burden for land-based casinos in other areas, but acknowledged the logic of applying consistency across regimes.

Our response

The government intends for operating and premises licence fees to be harmonised between 1968 Act casinos and Small 2005 Act casinos. In making this recommendation we recognise the potential advantages that 1968 Act casinos may have over Small 2005 Act casinos that elect to move to the new regime, in terms of Schedule 9 payments and the portability of licences. Further details of proposed new operating licence fees will follow in due course. Chapter 5 'Review of licensing authority fees' outlines proposed changes to premises licence fees for Small 2005 Act casinos, which 1968 Act casinos that elect to move onto the new regime will also be subject to.

Implementation

All of the changes outlined in this chapter will be implemented by the government through secondary legislation. We expect that these changes will require two statutory instruments, one draft affirmative and one draft negative.

Chapter 2: Machine allowance for arcades and bingo halls

Summary

This chapter outlines the evidence received in relation to the white paper proposal to amend the ratio of Category C and D to Category B gaming machines in arcade and bingo venues. Evidence was received in response to the land-based gambling consultation and through an additional supplementary consultation which focused on this reform specifically. The evidence generated was diverse and was indicative of the varied positions of stakeholders, primarily arcade and bingo operators and licensing authorities.

Our objective in reforming the ratio of Category C and D to Category B gaming machines is to support a sector which has experienced significant commercial challenges in recent years through increased flexibility over their gaming machine offer. Equally, we want to ensure that customers receive a genuine offer of lower staking gaming machines as an important mitigation against gambling-related harm.

We have reviewed and analysed the evidence received through both consultations to arrive at an evidence-based policy position which we believe meets our objectives. The government intends to amend the current gaming machine ratio to allow operators to make two Category B gaming machines available to a minimum of one Category C and D gaming machine. We propose that this ratio, unlike the current ratio, will apply on a device type basis. This means, for example, that operators will be able to site two Category B cabinet gaming machines to a minimum of one Category C or D gaming machine. This would also apply for in-fill and tablet gaming machines.

The consultation asked the below questions on amending the 80/20 rule for arcades and bingo halls.

Q25.a. There are 3 options the government is considering related to gaming machine allowance for arcades and bingo halls:

- **Option 1:** Introduce the 50/50 rule while maintaining current requirements for 'available for use'.
- **Option 2:** Introduce the 50/50 rule with an additional requirement that any gaming machine device types offered in individual premises (whether cabinets, tablets (fixed or hand-held) or in-fill) comprise a minimum of 50 percent Category C and D machines. Also, Category C and D gaming machine device types made available for use must be of similar size and scale to Category B.
- **Option 3:** Remove the 80/20 rule completely, applying no requirements on set gaming machine ratios.

How, if at all, would the approaches taken in Options 1, 2 and 3 impact the ability of business to meet customer demand for gaming machines? Please answer in comparison to the current 80/20 rule. (Mandatory response)

[A significant increase in ability to meet demand / A slight increase in ability to meet demand / No impact / A slight decrease in ability to meet demand / A significant decrease in ability to meet demand / I don't know]

Q25.b. Please explain your answer. (Optional response)

[Open text box]

Q26.a. What impact would options 1, 2 and 3 have on Gross Gambling Yield (GGY) for businesses? (Mandatory response)

[A large increase in GGY / A small increase in GGY / No impact on GGY / A small decrease in GGY / A large decrease in GGY / I don't know]

Q26.b. If available, please provide evidence of the potential impact of Options 1, 2 and 3 on the GGY of operators and on the wider gambling sector. (Optional response)

[Open text box]

Q27.a. What impact would Options 1, 2 and 3 have on the overall number of Category B machines?

[Significant increase / Small increase / No impact / Small Decrease / Significant Decrease / I don't know]

Q27.b. What impact would Options 1, 2 and 3 have on the overall number of Category C machines? (Mandatory response)

[Significant increase / Small increase / No impact / Small Decrease / Significant Decrease / I don't know]

Q27.c. What impact would Options 1, 2 and 3 have on the overall number of

Category D machines? (Mandatory response)

[Significant increase / Small increase / No impact / Small Decrease / Significant Decrease / I don't know]

Q27.d. If available, please provide estimates of the potential impact of Options 1, 2 and 3 on the overall number of machines. (Optional response)

[Open text box]

Q27.e. What impact would Options 1, 2 and 3 have on the product mix of Category B, C and D machines? For example, cabinets and terminal devices. (Optional response)

[Open text box]

Q28. Please provide any evidence you have on the potential harm of implementing Options 1, 2 and 3 on customers. (Optional response)

[Open text box]

Q29.a. What impact would Options 1, 2 and 3 have on the overall number of Category B, C and D gaming machines? Please rank these options in order of preference, with 1 being your preferred option. (Optional response)

Q29.b. Please explain why this is your preferred option. (Optional response)

[Open text box]

Q30.a. Please outline any other proposals relating to machine allowances in arcades and bingo halls that you think that we should consider. (Optional response)

[Open text box]

Q30.b. What benefit would this proposal(s) offer in comparison to Options 1,

2 and 3? (Optional response)

[Open text box]

Q31. Please upload any further evidence or any other information that should be considered in this consultation relating to bingo and arcade gaming machine measures. (Optional response)

[Open text box]

Summary

Questions 25-31

This section of the consultation received 40 responses. The vast majority of responses came from industry representatives and local authorities, however, we also received a small number of responses from academics and individuals with lived experience of gambling-related harm. The majority of industry responses expressed a preference for either Option 1 or Option 3, and were strongly opposed to Option 2. Licensing authority responses were predominantly in favour of Option 2, though a number restated their original position that the current 80/20 ratio should not be changed in the liberalising manner proposed.

Overall, 23% of respondents favoured Option 1, 23% favoured Option 2, 8% favoured Option 3, and 48% did not state a preference.

Consultation aims

A central objective behind the reform of the 80/20 rule is to enable operators to have greater commercial flexibility over their product offer of Category B, C and D gaming machines. Increased commercial flexibility is considered a necessary modernisation to support the recovery of the arcade and bingo sectors following the significant commercial challenges experienced in recent years resulting from COVID-19 and rising energy costs. Additionally, the reform seeks to allow operators to reduce their energy costs through the removal of unused but energy intensive Category C and D machines and/or increase GGY through increased numbers of higher yielding Category B machines. However, to mitigate against gambling-related harm, the reform of the rule also seeks to ensure that a genuine offer of lower staking Category C and D machines remain available for customers.

Available for use

Gaming machines in arcade and bingo venues are broadly offered on three device types: cabinet machines, in-fill machines, and tablets. Cabinet device types are usually the most popular with customers. However, in recent years there has been a proliferation of space-saving in-fill and tablet gaming machines in arcade and bingo venues. The Gambling Commission has raised concern that some of these machines appear to have been designed primarily to maximise the number of Category B cabinet machines which can be sited by an operator, rather than to provide a genuine lower stake gambling offer to customers. To help address this challenge, the Gambling Commission developed its 'available for use' guidance:

"... for the purpose of calculating the Category B machine entitlement in gambling premises, gaming machines should only be counted if they can be played simultaneously by different players without physical hindrance." (Gambling Commission, 2019).

'Available for use' does not have a statutory definition in the Act. The Commission's guidance, while important in setting out what the Commission considers 'available for use' when conducting compliance activity, does not prevent operators from being able to site lower category tablets and in-fills to increase their entitlement of Category B cabinets. As such, the consultation sought to understand if the regulatory framework could be strengthened to ensure that there is a consistent minimum offer of Category C and D gaming machines on cabinet devices in venues across the arcade and bingo sector. This will ensure that Category C and D machines made available by operators have genuine customer appeal and/or are genuinely available for use, as opposed to being used as a means to increase the number of Category B cabinets a venue can site.

Impact on the overall number of Category B, C and D gaming machines and GGY

We received projections concerning GGY and the change in overall number of Category B, C and D gaming machines under Options 1, 2 and 3 from a range of stakeholders. A summary of these responses is outlined below.

Gross Gambling Yield

Under Option 1, the vast majority of industry respondents projected that there would be an increase in GGY for arcade and bingo operators. This was consistent across bingo club operators, arcade operators and gaming machine manufacturers. However, responses suggested that increases in GGY would be greater in the arcade sector than in the bingo club sector. Bingo club responses ranged from no impact on GGY to small improvements in GGY, with the largest estimated increase in annual GGY being in the region of £4m. By contrast, the largest estimated increase in annual GGY received from arcade operators was in the region of £10m.

Option 2 produced the most varied projections out of the three options considered. Evidence provided by arcade operators and the industry trade body Bacta suggested that this option would likely have a small but negative impact on GGY for many operators. The evidence provided by the bingo club sector was more varied, with some operators projecting a small increase in GGY (though substantially less than Option 1 would generate for some bingo club operators), whilst others projected a small decrease in GGY.

Option 3, which would remove the ratio entirely, was the only option which generated projections of increased operator GGY from bingo club operators, arcade operators, trade bodies and gaming machine manufacturers. Projections for GGY reported increases above those projected for Option 1 across both the arcade and bingo club sector, though as with Option 1, the increases were more pronounced for the arcade sector. The largest projected increase for the bingo club sector was an annual increase in GGY of c.£10m. We did not receive GGY estimates for the arcade sector, however, industry responses indicated that they anticipated greater GGY returns under Option 3 than under Option 1.

Industry responses suggested that the projected uplift in GGY under Options 1 and 3, and conversely, the decrease or no impact in GGY under Option 2, corresponds directly with the ability to site Category B gaming machines. For example, one large arcade operator projected a 20% increase in the number of Category B gaming machines under Option 1, which corresponded to a projected medium increase in GGY. Responses from both the arcade and bingo sector show that Category B machines generate higher GGY on average than Category C and D machines, though responses indicated that the levels of GGY were higher in the arcade sector. Another large arcade operator estimated that a B3 cabinet gaming machine generates c.£600 per week, per machine. In the bingo sector, for the equivalent machine we received estimated weekly GGY per machine to be c.£500. In-fill and tablets device types predominantly offer Category C and D content and generate significantly less GGY.

We have received estimates from the bingo club sector which show that the average weekly GGY produced per tablet machine is c.£3.80. However, even when accounting for device type (i.e. cabinet, in-fill or tablet), the responses suggest that Category C and D gaming machines generate less GGY than Category B machines. Some estimates for the bingo club sector suggest that the weekly GGY per Category C cabinet machine is in the region of £100-250 depending on the age of the machine. Many older Category C cabinet machines are reported to produce GGY at the lower end of that scale as they are outdated and less appealing to customers. Industry responses argue that the current 80/20 ratio creates a disincentive to modernise older analogue Category C cabinets as they lack customer demand, yet operators are required to maintain them to meet the ratio.

Removal of unused Category C and D gaming machines

Industry responses stated that in addition to the ability to increase GGY, a central component of increased commercial flexibility for many operators is the ability to remove underused gaming machines. This relates primarily to underused Category C and D gaming machines.

Industry respondents asserted that these machines are underused but energy intensive. Many responses, particularly those from the bingo club sector, highlighted that their desired outcome for the reform of 80/20 is to reduce energy costs, rather than achieving substantial gains in GGY.

In the bingo club sector, one large operator estimated that both Option 1 and Option 3 would enable them to remove approximately 500 Category C and D gaming machines across their estate, saving in the region of 50% of associated costs of maintaining and operating these machines, both through reduced utilities costs and service effort. By contrast, under Option 2, the same operator reported that it would be required to increase the number of Category C machines, resulting in increased costs. This example was largely indicative of other bingo sector responses, with many operators reporting that they would either be unable to remove Category C and D machines in a meaningful manner or, in some cases, would actually have to increase the number of these machines to maintain their current Category B offer.

The arcade sector similarly reported that Option 1 and Option 3 would result in the removal of underused Category C and D machines, whilst Option 2 would have no impact or result in increased numbers of Category C and D gaming machines. Bacta estimates that the removal of each Category C and D machine could save on average up to £21 per week, or £1,092 per annum, depending on trading hours. However, some licensing authorities posited that rather than removing lower staking machines, gambling operators should be deploying novel solutions to saving energy, such as incorporating standby and sleep functions on machines which are not in use.

Impacts on gambling-related harm

In considering gambling-related harm we were attuned to the various perspectives provided by respondents. Industry respondents tended to highlight improvements in player safety features on gaming machines, whilst licensing authorities, gambling researchers and those with lived experience of gambling-related harm tended to associate increased numbers of higher staking gaming machines with increased rates of gambling-related harm.

As highlighted in Chapter 2 of the land-based gambling consultation, we are aware that Category B gaming machines on average result in greater customer losses per session than Category C and D gaming machines. In bingo premises, 1.6% of Category B gaming machine sessions result in losses of £200 or more, compared to 0.7% of combined Category C, Category D and mixed sessions. In arcade premises, 2.3% of Category B gaming machine sessions result in losses of £200 or more, compared to 2% of combined Category C, Category D and mixed sessions. Therefore it is likely that increases in Category B machines will lead to slight increases in sessions with greater losses.

There was a general consensus across respondents that Option 3 presented the greatest risk of increasing rates of gambling-related harm. The only responses which challenged the risk of gambling-related harm under Option 3 came from respondents within the arcade and bingo sector. However, overall almost half of respondents from the arcade and bingo sector acknowledged that Option 3 posed a risk of increasing gambling-related harm. The arcade and bingo respondents who did not believe that there was a risk of gambling-related harm

associated with Option 3 frequently asserted that Option 3 would lead to a substantial removal of old Category C machines which do not have safer gambling functionality and an increase in Category B machines which typically have the strongest safer gambling functionality. Therefore, some respondents argued that Option 3 would be the most sensible long-term approach for securing safer gambling functionality and messaging across these venues.

The vast majority of respondents across local authorities, gambling researchers and those with lived experience stated that Option 2 was the most appropriate of the three options for mitigating against gambling-related harm, although a number highlighted that any liberalisation of the current ratio risks increasing gambling-related harm. A substantial number of responses drew upon the higher levels of customer spend which is evidenced on Category B gaming machines by comparison to Category C and D gaming machines, particularly as this relates to potential indicators of gambling-related harm. The Greater Manchester Combined Authority highlighted that in a survey of Greater Manchester residents, 27% of respondents who gamble are doing so 'to make money', and that residents who report indicators of financial vulnerability, such as being unable to manage debt, are more likely to gamble than the general public. A number of responses also drew on evidence which highlights the risks associated with gaming machines, particularly evidence from Australia which shows a correlation between increased electronic gaming machines in an area and increased rates of problem gambling. As such, the majority of these responses concluded that the device type requirement within Option 2 would be the best means of diminishing the overall number of Category B cabinet machines, of the options proposed, and in turn help reduce rates of gambling-related harm amongst customers.

Under Option 1, we received responses from industry which suggested that only slight increases in Category B gaming machines would be made. While we are of the view that such increases are proportionate in balancing commercial flexibility and gambling-related harm, in theory, it would be possible for an operator to only offer cabinet machines in the form of Category B gaming machines, while meeting the remaining 50/50 ratio by making a corresponding number of Category C and D tablets and in-fill machines available for use. We are particularly concerned that Option 1 may encourage new operators to enter the market with the specific intention of maximising their Category B cabinet offer in this way.

Summary

This consultation sought to gather evidence as to how best to achieve our two policy objectives. The first is to ensure that operators benefit from commercial flexibility to increase GGY through the ability to make more Category B machines available and/or reduce their energy costs through the removal of underused Category C and D gaming machines. The second objective is to ensure that customers are presented with a genuine offer of lower staking Category C and D gaming machines. This is a necessary objective to help mitigate against gambling-related harm.

Option 1 and Option 3 would likely achieve the first objective, with Option 3 providing the greatest scope for commercial flexibility. By contrast, industry responses argued that Option

2 would be highly restrictive for many operators and would overall provide less commercial flexibility than is currently available under the 80/20 ratio.

In regards to the second objective, under Option 3, the evidence provided suggests that over time it is likely that many operators would reduce their offer of Category C and D cabinet gaming machines substantially and offer predominantly Category B cabinet gaming machines. Evidence provided for Option 1 suggests that increases in Category B cabinet gaming machines would be moderate in the short-term. However, we received evidence from a number of respondents which suggests that under the current regime a significant number of operators currently offer more Category B cabinet machines than Category C and D cabinet machines, and they are only able to meet the ratio by making large numbers of Category C and D tablet and in-fill gaming machines available. Based on the evidence provided, we believe that these machines have little customer appeal and are primarily made available as a space saving means of meeting the current 80/20 ratio. Therefore, under Option 1, we believe there is significant potential for operators to offer predominantly Category B cabinets while meeting their Category C and D ratio through in-fills and tablets. Option 2 would prevent this practice by improving the regulatory framework which currently makes no distinction between gaming machine content on tablet, in-fill and cabinet gaming machines - despite the limited customer appeal of these devices and the questionable status as to whether they are often genuinely made available for use.

80/20 Supplementary Consultation

Following analysis of consultation responses - and in recognition of the limitations associated with each option - we developed two additional policy options for the reform of the 80/20 rule. Both policy options are variations of Option 2, meaning that they focus on addressing the practice of operators siting increased numbers of Category B cabinet gaming machines by making lower staking Category C and D content available on in-fill and tablet gaming machines. We are aware that the latter device types have little customer appeal and are often used as a less space intensive means of meeting the current ratio. However, in recognition of the detrimental commercial outcomes associated with Option 2, particularly for bingo clubs, a more generous ratio of Category B to Category C and D machines on a device type basis was explored.

The two additional options consulted were Option 2(a) and Option 2(b).

Option 2(a)

Introduce a 2:1 ratio, allowing an operator to site two Category B machines for each Category C or D machine, where devices are of a comparable size. This rule means that for each Category C cabinet sited, an operator is allowed to site up to two Category B cabinets. The same principle would apply for in-fill machines and tablets.

Option 2(b)

Introduce a 3:1 ratio, allowing an operator to site three Category B machines for each Category C or D machine, where devices are of a comparable size. This rule means that for each Category C cabinet sited, an operator is allowed to site up to three Category B cabinets. The same principle would apply for in-fill machines and tablets.

The supplementary consultation asked the following questions on amending the 80/20 rule for arcades and bingo halls.

1. If you are an operator, are there additional costs associated with Options 2(a) and 2(b) which would not occur under Option 1, Option 2 or Option 3? (optional response)

[Open text box]

2. a) If you are an operator, how would Options 2(a) and 2(b) impact the number of Category B, Category C and Category D cabinet gaming machines which you site? (optional response)

[Open text box]

b) How would Option 2(a) and 2(b) impact the overall number of in-fill machines and tablets which you site? (optional response)

[Open text box]

3. If you are a licensing authority, how would Option 2(a) and Option 2(b) impact your ability to regulate gambling? (optional response)

[Open text box]

4. Please rank Option 1, Option 2, Option 2(a), Option 2(b), and Option 3 from 1-5, with 1 representing your preferred option. (optional response)

[Open text box]

a. If your preferred option is Option 2(a) or Option 2(b) please explain why you prefer this to the option you preferred in the original consultation. (optional response)

[Open text box]

b. If your preferred option is Option 1, Option 2 or Option 3 please explain why you prefer this option over Option 2(a) and Option 2(b). (optional response)

[Open text box]

5. Do you have any additional insights or evidence relating to recent trends in GGY, profit and costs for bingo and AGC operators? (optional response)

[Open text box]

6. How would you define (a) a cabinet, (b) an in-fill and (c) a tablet to clearly distinguish between the three device types? (optional response)

[Open text box]

7. Are there any other possible consequences relating to Options 2(a) and 2(b) that have not been considered in this consultation? (optional response)

[Open text box]

The supplementary consultation was shared with all of the initial respondents to the land-based gambling consultation who left contact information, and received 16 responses. We also made attempts to contact those who did not leave contact information via our stakeholder networks and publicly accessible contact details. Those contacted were encouraged to share the supplementary consultation more widely with any individuals or organisations who might be interested. The majority of responses received came from respondents within the bingo and arcade sectors. We also received a small number of responses from local authorities, charities and gaming machine manufacturers.

Responses from the arcade sector were unanimous in their support for Option 2(b), closely followed by Option 2(a). These options supplanted their stated preference for Option 1 in the original consultation. The reason provided for this preference is that Options 2(a) and 2(b) would provide greater commercial flexibility over the long-term - with Option 2(b) providing the greater flexibility of the two options. We received a number of responses from large UK arcade operators who provided projections on how their gaming machine offer would change under Option 2(a) and 2(b) by comparison to the current situation. One operator, under both options, stated that it would increase the number of Category B cabinets machines by 2 to 3

per venue, while removing the vast number of smaller in-fill gaming machines. Another operator stated that both options could, over time, potentially lead to a 20% to 25% increase in Category B cabinets and would likely lead to the reduction of tablets and in-fills to at most a nominal level.

The preferences expressed by bingo club sector respondents in relation to Option 2(a) and Option 2(b) were more varied. As with the original consultation, Option 3 continued to be the preferred option for bingo operators. However, while Option 1 was the most common secondary option for many of these respondents in the original consultation, the majority of respondents to the supplementary consultation were supportive of Option 2(b) above Option 1. Responses stated that the commercial flexibility permitted by Option 2(b) would enable bingo operators to reduce the number of Category C and D gaming machines which they make available, while making slight increases in the number of Category B cabinet gaming machines. Unlike the arcade sector, bingo clubs would not remove substantial numbers of tablets as these machines are primarily used for playing the game of bingo itself. While the majority of operators were supportive of Option 2(b), one small multi-site operator stated that this option would be commercially detrimental, requiring it to make an additional 12 Category C or D cabinets available to meet this ratio.

Option 2(a) had more varied views across bingo operators. One large UK bingo club operator stated that Option 2(a) would be less beneficial than Option 2(b) but preferred it above Option 1. This operator emphasised the commercial benefits of reduced energy and maintenance costs associated with this option over Option 1. Another large bingo club operator stated that it was not supportive of Option 2(a) as it would not deliver the commercial flexibility sought by the reform of 80/20, and as such, it remained supportive of Option 1 above Option 2(a). The evidence provided by this operator projected that under Option 2(a), no further increases in Category B machines could be made, although 5% to 10% of Category C machines and up to 80% of Category D machines could be removed. As such, the evidence indicates that this option would benefit this operator by comparison to the current rules, enabling it to make savings in the form of reduced energy and maintenance costs, despite not being able to increase its number of higher yielding Category B cabinets. Under Option 2(a), the Bingo Association has advised that two substantial multi-site bingo club operators and several single site operators would be disadvantaged by comparison to the current regime.

We received a small number of responses from local authorities. These responses were strongly opposed to Option 2(a) and Option 2(b) on the grounds that the ratios proposed place too much emphasis on achieving commercial flexibility for businesses at the expense of mitigating against risks of gambling-related harm. Given the small number of responses, we assume that the favoured option amongst licensing authorities remains Option 2.

The responses received from the third sector also raised concerns about the potential for increased gambling-related harm to occur alongside greater numbers of Category B machines being made available. The majority of these respondents stated a preference for Option 2, as this would place the greatest restriction on the number of Category B machines available in arcades and bingo clubs.

We also received a small number of responses from gaming machine manufacturers and suppliers to the supplementary consultation. These responses primarily came from small

businesses who supplied tablet gaming machines to the market. The concern raised was that any variation of Option 2 would be damaging to tablet gaming machine manufacturers as this would likely lead to vast numbers of these machines being removed by operators.

Impacts on gambling-related harm

As variations of Option 2, Options 2(a) and 2(b) would improve the regulatory framework which currently provides no distinction between gaming machine content on tablet, in-fill and cabinet gaming machines - despite the limited customer appeal of these devices and the questionable status as to whether they are often genuinely made available for use. However, the commercial flexibility of Option 2(b) at a 3:1 ratio of Category B to Category C and D machines would provide substantial scope for operators to increase their Category B allowance and remove significant numbers of Category C and D machines.

While not as liberalising as Option 3, responses from some operators indicated that increases in Category B cabinets would not be vastly different to projections provided for Option 3. By contrast, Option 2(a) would likely increase the numbers of Category B cabinets in a similar proportion to Option 1, while safeguarding against the possible scenario in which Category B machines become the only cabinet gaming machines offered. In addition, evidence suggests that a small number of operators who currently site substantially more Category B than Category C and D cabinet machines would be required to either decrease the number of Category B cabinets which they currently make available, or increase the number of Category C or D cabinets which they site. As such, Option 2(a) has the added benefit of ensuring that all venues make a genuine offer of Category C and D gaming machines available to customers on device types which have genuine customer appeal. Under the current rules, there is a risk that operators entering the market might use in-fills and tablets to account for the totality of their Category C and D offer while offering Category B machines exclusively on more popular cabinet machines.

Our response

We will introduce a 2:1 ratio, allowing an operator to site two Category B machines for each Category C or D machine, where devices are of a comparable size. This rule means that for each Category C or D cabinet sited, an operator is allowed to site up to two Category B cabinets. The same principle would apply for in-fill machines and tablets. This proposal will be taken forward by the government via secondary legislation.

This option balances our two key priorities, the first being to support arcade and bingo premises through increased commercial flexibility within the context of many businesses operating at a loss post-COVID-19. This is a result of significant overheads, particularly those which are associated with increased energy costs given the nature of the energy intensive product offer. The second priority is to ensure that customers receive a genuine offer of lower staking Category C and D gaming machines. This measure will help mitigate against gambling-related harm by providing customers with lower staking gambling options, which are associated with lower customer losses.

Option 2(a) would provide increased commercial flexibility to the majority of operators across both the arcade and bingo club sector, either in the form of an increased Category B gaming machine offer, promoting greater GGY, or through the removal of primarily underused and older gaming machines which produce lower GGY but require high maintenance and electricity costs to operate. Some operators will benefit from both. While this option does not provide as great an increase in commercial flexibility as Option 3, Option 2(b) and, potentially for some operators, Option 1, the evidence received suggests that the vast majority of operators would benefit under this option.

We are, however, aware of the impact that this measure would have on a small minority of bingo clubs. As highlighted in both the initial land-based gambling consultation and the subsequent 80/20 supplementary consultation, bingo clubs have been especially impacted in recent years by the COVID-19 pandemic and increasing operating costs and we acknowledge that a minority of these clubs would also be disadvantaged by this measure. However, we believe that the vast majority of bingo clubs would benefit from this measure. To support the bingo club sector further we will consider exploring the use of primary legislation to provide a clear distinction between bingo clubs and arcade premises. This will allow for targeted supportive measures to be taken for the sector, potentially including a more liberalised ratio of Category B gaming machines in these venues.

In respect of ensuring that customers receive a genuine offer of Category C and D machines, Option 2 is the only option which we believe would achieve this objective better than Option 2(a). We received some responses which suggested that Option 1 would be preferable to Option 2(a) for ensuring that a genuine offer of Category C and D machines are made available to customers. While there is evidence to suggest that in the short-term this may be plausible, we believe that without addressing the practice of some operators which allows them to use in-fill and tablet machines to increase their allowance of Category B cabinet machines then over time there is a risk that some venues will provide a cabinet machine offer almost entirely comprised of Category B machines, with Category C and D in-fills and tablets used to meet the ratio. For this reason, we believe that the device type requirement outlined in all variations of Option 2 is a necessary regulatory improvement.

Implementation

The government will introduce regulations through a draft affirmative statutory instrument to ensure that, for every two Category B gaming machines sited in AGC or bingo premises, at least one Category C or D gaming machine of a similar size is also sited on the premises.

We expect that operators will ensure that Category C and D machines made available to meet the ratio are available for use and have genuine customer appeal. We will monitor and evaluate the impact of the new proposed ratio to ensure that the policy is implemented as intended. If we believe that the new proposal is not operating as intended we will consider reviewing the ratio again.

Chapter 3: Cashless payments on gaming machines

Summary

Having considered the consultation objectives, stakeholder responses and supporting evidence, we are proposing to lift the prohibition on direct debit card payments on gaming machines subject to the introduction of the player protection measures detailed within this chapter. We believe these measures strike an appropriate balance between regulation applicable to modern payment methods, consumer benefits and protection of the licensing objectives.

The Commission's published Advice to Government recognised this area as a potential example whereby it would be appropriate for requirements to be placed in the Commission's regulatory framework rather than within the 2005 Act or in regulations. This approach, for example, provides greater flexibility to respond to changes in technological or consumer behaviour.

In this instance, with the support and agreement of the Commission, we are proposing a framework of player protections within both the Gaming Machine (Circumstances of Use) Regulations 2007 and the Commission's Gaming Machine Technical Standards. The former will be used to make proposals with regards to cardholder verification, transaction limits and deposit and committed payment limits. The Commission will consult further on minimum transaction times, limit setting functionality, staff alerts, safer gambling messaging and the display of session time and net position. Whilst we have documented within this chapter the government's own conclusions with regards to the player protections that the Commission will consult on, we recognise the Commission's independence as a regulator and that it will finalise its consultation proposals and questions based on its own assessment of the evidence.

We propose to align the lifting of the prohibition on direct debit card payments on gaming machines and the introduction of player protections within regulations with the Gambling Commission's review of the Gaming Machine Technical Standards. Therefore, we will give the Commission an appropriate amount of time to undertake its review before the legislative changes come into force so that the amended Gaming Machine Technical Standards come into effect at the same time.

The consultation asked the following questions on allowing direct debit card payments on gaming machines.

Q32.a. Should card account verification (such as chip and PIN or Face ID on mobile payment systems) be required if direct cashless payments are permitted on gaming machines? (Mandatory response)

[Yes / No / I don't know]

Q32.b. [Shown if Yes is selected] Should card account verification (such as chip and PIN or Face ID on mobile payment systems) be required on each transaction? (Mandatory response)

[Yes / No / I don't know]

Q32.c. How often should card account verification be required? For example, after a certain number of transactions or when a customer hits a spend threshold. (Optional response)

Summary of consultation responses

Question 32

The vast majority of responses to the consultation agreed that card account verification should be required if direct debit card payments are permitted on gaming machines. Over 70% of responses also agreed that card account verification should be required on each transaction. Respondents who did not agree with this requirement suggested a range of frequencies for when account verification should occur. This included verification happening:

- At the start of a session
- After every five transactions
- Combination of the number of transactions and values e.g. contactless payments can be made up to £100, three times a day before account verification is required

The pub sector was particularly concerned about a verification requirement for each transaction. Their view was that mandating chip and pin use would be excessive and disproportionate, particularly if it was required for each transaction. There was some concern that this would create a safety risk for customers using gaming machines in pubs as it would increase the potential for their PIN to be observed by other customers. Overall, they would either prefer the current contactless payment restrictions to apply for debit card payments on machines or for chip and pin to only be required at the beginning of any session.

Respondents from the pub sector also raised issues with verification for each transaction on Category D crane grab machines. They stated that it would be an unnecessary and disproportionate burden for a low stake and low prize machine. It was also raised that these machines can be converted to adapt a card reader for contactless payment, but adding a chip and pin device for every transaction in most cases would either not be technically feasible or cost effective.

One betting shop operator was concerned that allowing direct debit card payments would minimise the interactions a customer has with betting shop staff as their current customer journey requires a certain level of interaction with a staff member. They also stated that individual gambling businesses should be allowed to decide if they would like to update their systems to provide direct debit card payments as it would be a significant cost to businesses to update all machines to have this functionality.

Police and Crime Commissioners were concerned about the risks associated with direct debit card payments and stated that relaxing restrictions involves significant risks and that verification should be used to build in equivalent breaks and checks to those associated with cash payment. They also highlighted the importance of card account verification given the potential for stolen debit cards to be used to make direct payments to gambling machines.

A response from an advocacy organisation opposed the introduction of direct debit card payments on the basis that there is evidence that cashless payments result in increased and unplanned spending when compared to cash. However, they stated that if direct debit card payments were introduced, stringent verification and player protection measures would be needed to mitigate the risk of unintended overspending and associated harms. This should include things such as verification after every transaction, limiting transaction speed and limiting the total number of transactions.

Our response

The government proposes that account verification should be required on each transaction, in line with the majority of responses to these questions. The proposal will be taken forward by the government via secondary legislation.

We did not receive any evidence which changes our position in the consultation, which outlined that the verification of each payment will help create an appropriate level of friction for customers and mitigate against the risk of direct debit card payments facilitating crime through stolen cards being used on gaming machines. It will also add another layer of friction to the process in a similar way to other methods of payment. For example, a person leaving a gaming machine to go to an ATM will be required to enter their PIN.

We understand the concerns around the requirement to use chip and PIN for each transaction. However, we will make the definition of account verification flexible enough to accommodate different types of verification and to allow for future technological change within payment methods. We are taking a detailed look at whether the Strong Customer Authentication (SCA) framework could be used to help define our requirements around account verification. The Payment Services Regulations 2017 set out that SCA means authentication based on the use of two or more independent elements (factors) from the following categories:

- something known only to the customer (knowledge)
- something held only by the customer (possession)
- something inherent to the customer (inherence) - an example of inherence is a biometric characteristic such as an iris scan or fingerprint

These regulations apply in different circumstances, including when a payer initiates an electronic payment transaction. Authentication through chip and PIN, as well as Apple Pay and Google Pay which uses biometric information, meet the SCA standards.

As set out above, while chip and PIN could be used as a verification method, we would expect manufacturers and operators to adapt or make new machines that accept payments made by mobile devices which have some sort of biometric verification and meet the SCA standards. This would remove the issues associated with chip and PIN, such as the security risks raised by the pub sector. We acknowledge that direct debit card payment made through a mobile phone may require less friction than the use of chip and PIN, but we still view this as adequate as the person will still be required to take a positive action to undertake their payment; for example, ensuring that a fingerprint is readable by the phone before making a transaction.

In response to the betting shop operator's concerns around the lack of staff interaction, we think that the different restrictions that will be put in place in relation to cashless payments will provide adequate protection to customers as they will be more restrictive than the current requirements for cash and ticket payments. We would also highlight this to other respondents who are concerned about this change as we understand the potential risks that are associated with direct debit card payments compared to those paid with either cash or indirect cashless payments (for example, via tickets or app-based payments).

Q33.a. What should the maximum transaction value be for direct cashless payments on gaming machines? (Mandatory response)

[£20 / £50 / £100 / No Limit / Other / I don't know]

Q33.b. [Shown if Other is selected] Please specify what you think the maximum transaction should be (£). (Optional response)

[Sliding scale]

Summary of consultation responses

Question 33

A range of responses were given to what the maximum transaction should be for direct cashless payments. The majority of industry respondents stated that a £100 limit was most appropriate while other respondents, such as academic and local authorities, thought it should be £20 or less. Some responses stated it should be £1, in line with their view that cashless payments should not be permitted at all.

Some more detailed responses from the pub sector and the gambling industry stated that the existing statutory limits on the amount of deposits that can be committed to play are sufficient and that there is no reason why additional restrictions to these already tight limits should be introduced. They also said that there should not be a maximum transaction limit on Category D crane grab machines. In addition, they asked that whatever the final transaction limit is set at, then there should be a mechanism put into place to keep these levels under review, such as being linked to the single contactless transaction limit set by the Financial Conduct Authority (FCA). Respondents argued that without such a mechanism, the real value of the transaction value will erode over time with inflation.

A couple of respondents from outside of industry stated that a cautious approach should be taken to the maximum transaction value, with one suggesting a £10 limit alongside a limit on the number of transactions a person can undertake in a set period of time.

Our response

The government proposes that a maximum transaction limit of £100 should apply to all direct cashless payments made on gaming machines. The proposal will be taken forward by the government via secondary legislation.

The maximum amount that can be deposited through money at one time is £50 based on the current maximum note denomination. However, customers can continue to deposit money onto the machine without needing to pause or undertake an action. The maximum transaction limit, aligned with a minimum transaction time, will provide an additional point of friction to the customer if they wish to put more than this amount onto the machine. This amount also aligns with the current maximum value of contactless card payments.

We do not agree with the view of some respondents who argued that a transaction limit was unnecessary due to the restrictions already in place with regards to deposit and commitment limits. Using a debit card on a machine is a different experience for the customer compared to cash or tickets where a process such as going to an ATM has been undertaken before the person can put money onto the machine. A direct debit card payment takes away this step and therefore we think it is important that some sort of friction is added back into the process. It will also help mitigate against the risk of someone putting a significant sum of money onto a machine in one go. Currently, people are restricted by their bank in terms of how much money they can withdraw in one go and in one day. Therefore, it is important that a level of friction applies to debit cards even if it does not exactly mirror the restrictions on withdrawing money from an ATM.

We also strongly disagree with the assertion that Category D crane grab machines should not have a maximum transaction limit. This will act as a safeguard in case someone tries to put more than £100 onto the machine. While this situation appears extremely unlikely, we do not see any reason for it not applying to this type of machine as they still carry risks, even if smaller than other forms of gambling on different machines.

We also do not think that the transaction limit should be aligned to the FCA's limit for contactless payments. While this might be an appropriate level for the moment, we will want

to consider various factors before deciding whether it should be increased or decreased. This could include looking at how customers interact with machines that accept cashless payments, how much they spend and the impact of different protections. Therefore, we will take the decision when to review this limit rather than it being linked to something outside our control.

In relation to taking a cautious approach, we think that a £100 limit is appropriate considering that our aim is to try and replicate the process by which someone uses cash to play on a machine. This limit adds an element of friction that an ATM currently does and it is set at such a level which will require a player to reflect if they want to spend more but is not so low as to completely alter the experience compared to playing with cash or tickets.

Q34.a. Should the maximum deposit limit for direct cashless payments be the same as those set by the Circumstances of Use Regulations 2007?

(Mandatory response)

[Yes / No / I don't know]

Q34.b. [Shown if No is selected] What do you think the maximum deposit limit should be for the following machine categories (£)? (Optional response)

- i) Category B1 machines
- ii) Category B2 machines
- iii) Category B3 machines
- iv) Category B3A machines
- v) Category B4 machines
- vi) Category C machines
- vii) Category D machines

[Sliding scale]

Q35.a. Should the maximum committed payment limit for direct cashless payments be the same as those set by Circumstances of Use Regulations 2007? (Mandatory response)

[Yes / No / I don't know]

Q35.b. [If No is selected] What do you think the maximum committed

payment limit should be for the following machine categories (£)?

- i) Category B1 machines
- ii) Category B2 machines
- iii) Category B3 machines
- iv) Category B3A machines
- v) Category B4 machines
- vi) Category C machines
- vii) Category D machines (Optional response)

[Sliding scale]

Summary of consultation responses

Question 34-35

There were a range of responses to the questions relating to maximum deposit and committed payment limits. Industry's perspective was mixed, with some responses stating that the limits for cashless payments should mirror the current ones to minimise the risk of delay to implementing the relevant legislation. Other industry responses wanted to see these limits removed entirely, particularly the commitment limits as they view them as unnecessary and an inconvenience to players, as well as forcing manufacturers to adapt machines for the British market to make them compliant with this regulation. There was not a uniform view on what an alternative deposit limit should be, with responses ranging from £50 to £500.

Local authorities primarily responded to these questions with very low deposit and commitment limits, between £0-£20. This was a reflection of their overall position that cashless gaming should not be permitted on gaming machines.

The deposit limits are currently set at £20 for Category B and C machines, and £2 for Category D machines. The committed payment limits are £10 for Category B1, B2, B3 and B3A machines, and £5 for Category B4 and C machines. Category D machines do not have a committed payment limit.

Our response

The government proposes that the current deposit and committed payment limits should apply to direct cashless payments on gaming machines. The government will ensure that these regulations will apply to direct debit card payments when amending the secondary legislation.

While we understand the industry's desire to remove these limits, we still think that they provide a valuable and proportionate point of friction for the customer that is important, particularly when using a cashless payment method. Our aim throughout the development of this policy has been to replicate the experience of playing on a machine with cash and the deposit and committed payment limits play an important role in the current customer journey.

Q36.a. Should there be a minimum transaction time for customers making a cashless transaction on a gaming machine? (Mandatory response)

[Yes / No / I don't know]

Q36.b. [If Yes is selected] What do you think this minimum transaction time should be? (Optional response)

[Sliding scale]

Summary of consultation responses

Question 36

The vast majority of respondents agreed that there should be a minimum transaction time for customers making a cashless transaction on a gaming machine. Responses varied on the length that the transaction time should be, with industry broadly agreeing on 30 seconds and non-industry respondents proposing either 90, 120 or 180 seconds.

Some respondents stated that any transaction time should at least ensure a break from the machine that is equivalent to the time it takes to access additional funds from an ATM. Therefore, they argued that 30 seconds was too short a period and that a longer transaction time should be considered, alongside other safeguards for players, such as limiting the number of transactions a person can make before enforcing a break in play.

Responses from the pub sector agreed that there should be breaks in play for Category C machines but that breaks are not required for Category D crane grab machines as it would be a disproportionate intervention, that it was unlikely to be technically feasible and that it would be cost prohibitive to impose this requirement.

Our response

The government proposes that the minimum transaction time should be at least 30 seconds. With reference to the information provided with this chapter's Executive Summary, we have

agreed that it is appropriate for the Commission to consult on this as part of its upcoming review of the Gaming Machine Technical Standards.

We would suggest that the 30 second period should start from when the machine has read the card and approved the payment. Following 30 seconds, the player would be able to start depositing money onto the machine.

This would broadly mirror the time it takes to withdraw cash from an ATM. As outlined in the consultation, this break will slow the speed of direct cashless transactions and provide a break in play to the player. The 30 second period also aligns with the Cashless Group's proposals and the industry's agreement that for casinos, as part of the process of allowing players to make debit card transactions by turning away from the gaming table at casinos, the sector committed to an approach of 30 seconds of visual separation in ensuring a break in play before accessing additional funds.

We think that this 30 second transaction time, coupled with the other player protection measures that we are proposing, should ensure that the use of direct debit cards on a machine has a similar level of friction to playing with cash. We are also proposing that this minimum transaction time applies to all machines. While Category D crane grabs may be a lower risk, they are more likely to be played by children and we think a cautious approach to debit card payments should be taken in general.

Q37.a. Should there be voluntary limits (the ability for customers to set time and monetary thresholds) on gaming machines accepting direct cashless payments? (Mandatory response)

[Yes / No / I don't know]

Q37.b. How long do you think the cooling-off period should be if voluntary limits are hit? (Optional response)

[Sliding scale]

Summary of consultation responses

Question 37

The majority of responses stated that there should be the ability for customers to set voluntary limits on gaming machines accepting direct cashless payments. There was consensus from industry that the length of the cooling-off period should be 30 seconds if these voluntary limits are hit. Other responses from outside of industry thought that the cooling-off period should be longer, with respondents stating either 60 or 120 seconds.

Some concerns were raised by industry about the technical feasibility of voluntary limits, particularly for Category D crane grab machines. The pub sector argued that it would be disproportionate, cost-prohibitive and unlikely to be achievable on these types of machines.

Our response

The government proposes that gaming machines accepting direct debit payments must allow customers to set time and monetary thresholds. With reference to the information provided within this chapter's Executive Summary, we have agreed it is appropriate for the Gambling Commission to consult on this as part of its upcoming review of the Gaming Machine Technical Standards. We do not see this as being an issue for operators or manufacturers as it is already widely available on Category B gaming machines within all land-based gambling premises.

We also propose that the cooling-off period should be at least 30 seconds when the voluntary limits are hit. This will also form part of the Gambling Commission's review of the Gaming Machine Technical Standards. The government's preference is for a 30 second minimum cooling-off period, but we would be content with a longer minimum time period if evidence provided in response to the Gambling Commission's consultation suggests that longer is needed in order to protect players.

We do not propose that Category D machines are required to allow customers to set time and monetary thresholds in order to accept direct debit card payments. We think that the requirements of account verification, transaction limit, and deposit limits, alongside a minimum transaction time will provide appropriate safeguards for these lower stake machines.

Q38.a. Should there be mandatory limits (default limits for time and monetary thresholds) on machines accepting direct cashless payments? (Mandatory response)

[Yes / No / I don't know]

Q38.b. [Shown if Yes is selected] What should the mandatory limits be? (Optional response)

- i) Monetary thresholds
- ii) Time thresholds

[Sliding scale]

Q38.c. [Shown if Yes is selected] How long do you think the cooling-off period should be once mandatory limits are hit? (Optional response)

[Sliding scale]

Summary of consultation responses

Question 38

The majority of responses were in favour of mandatory limits being a required feature on machines accepting direct debit card payments. However, what the mandatory limits should be and how long the cooling-off period should be once the limits are hit prompted a wide range of responses. Industry respondents provided a range of monetary and time limits, with answers ranging from £50 and 30 minutes to £250 and 60 minutes. Some respondents also stated that there should be a difference depending on the category of machine, with higher limits for B1 machines. Once these limits are hit, responses from industry ranged from 3/5/10 seconds, depending on how many times the limits had been hit, to 30 seconds.

Respondents from the pub sector were in favour of voluntary limits over the mandatory limits but stated that if they were imposed, they should be consistent across the industry. They also argued that imposing any mandatory limits with a session time of less than 20 minutes or less than £150 credit being inserted since the start of the session would be an inconvenience to the customer and that it would not provide a strong level of protection for the customer. In line with their responses to other questions, the pub sector did not want these limits to apply to Category D crane grab machines.

Non-industry responses predominantly indicated preferences for much lower limits than industry, with some stating it should be £1 and 1 minute, again, reflecting their position that cashless payments should not be introduced for gaming machines. The cooling-off period was also longer than industry submissions, with several respondents stating it should be 60 seconds or more.

The Behavioural Insights Team's response to the consultation recommended that voluntary limits that are strongly encouraged are used over mandatory limits as the evidence of the impact of the latter is limited. They stated that voluntary limits should include prompts to set the limit at the beginning of each session and should be presented to players with a free text box to input their limit.

Our response

The government proposes that mandatory limits must be included on gaming machines accepting cashless forms of payments. With reference to the information provided within this chapter's Executive Summary, we have agreed it is appropriate for the Commission to consult on this as part of its upcoming review of the Gaming Machine Technical Standards.

Furthermore, the Commission will consult on what the monetary and time thresholds should be.

We think that the starting point for these thresholds should be deposits of £150 and 20 minutes of play across all machines but understand that further evidence may arise during its consultation. The proposed thresholds differ from the current industry standard in casinos where it is £250 deposited and 60 minutes of play. We propose that the default limits for B1 machines are aligned to those machines in arcades, bingo halls and betting premises. While we understand the different environments and the higher stakes and prizes available to customers on B1 machines, data received from industry shows that these limits should not impact the majority of players. Furthermore, the average stake size on B1 machines is similar to the stake size on B3 machines and therefore we do not think that the mandatory limits should be different between the different categories. We would also like machines that use the BGC's Anonymous Player Awareness System (APAS) to implement these limits and for APAS not to act as a substitute for these thresholds.

We also propose that a cooling-off period of 30 seconds is triggered when the mandatory limits are hit. Currently, the cooling-off periods vary depending on the operator and we would like to introduce a common standard for direct debit card payments. A 30 second period would also align with the cooling-off requirement when voluntary limits are hit. We are not convinced that a 3, 5, or 10 second time-out is adequate in forcing the player to reflect on their play and whether they would like to continue. As outlined for the monetary limits, we would like the Gambling Commission to consult on this issue and encourage its starting point to be 30 seconds. However, we acknowledge the Commission's independence on what it will consult on and what its starting point will be for both monetary and time limits.

In line with our approach to voluntary limit setting, we do not propose that Category D machines will be required to have mandatory limits for time and monetary thresholds.

Q39.a. When limits are hit, should that result in a staff alert as well as a customer alert? (Mandatory response)

[Yes / No / I don't know]

Q39.b. Please explain your answer. (Optional response)

[Open text box]

Summary of consultation responses

Question 39

Over two-thirds of respondents thought that when voluntary or mandatory limits are hit, it should result in a staff alert as well as a customer alert. Non-industry responses were supportive of staff alerts being mandated, while views were split across industry. Operators who run betting shops, where staff alerts are already available, agreed that machines accepting cashless payments should also be required to have this feature.

Other parts of the industry were opposed to staff alerts, particularly the pub sector who stated that it would be difficult for staff to respond to an alert in a busy pub environment. Some industry responses also argued that members of staff in casinos already monitor players and interact where appropriate. Therefore, adding staff alerts when limits are hit would not serve as an additional benefit and could deter customers from setting limits or encourage them to set limits at much higher levels.

Many of the responses from outside of industry were strongly in favour of staff alerts but argued that they needed to be complemented by staff training so that they can intervene in a meaningful way. Some responses emphasised the need for staff to be able to signpost people to relevant information about gambling-related harm and others argued that training was needed to enable staff to recognise and intervene when people are experiencing gambling-related harm and be empowered to utilise these skills in practice.

The Behavioural Insights Team highlighted some research they had undertaken on individuals' experiences of gambling management tools. They recommended that alerts should be clear but avoid formats that may draw attention from others in the venue as participants in their research emphasised the importance of privacy. They also stated that the timing of support or communication is crucial in determining the impact on behaviour, and that during the period of time right after players hit their pre-session deposit limits is when they may be most receptive to changes in their behaviour.

Our response

The government proposes that staff alerts must be triggered when voluntary or mandatory limits are hit, in addition to the customer being alerted. With reference to the information provided within this chapter's Executive Summary, we have agreed it is appropriate for the Commission to consult on this as part of its upcoming review of the Gaming Machine Technical Standards.

This proposal will help build a picture of the customer's play and is already standard in betting shops. We expect some parts of the industry to oppose this measure due to concerns around its technical feasibility and burdens it would place on staff, particularly in a pub environment. However, we think that this is an important tool that staff could use to monitor players and therefore, it should be a feature on Category B and C machines accepting cashless payments. We also think that the argument for such alerts is strengthened when considering them in light of venues which have minimal staff supervision.

While such alerts will not require an interaction with a customer each and every time a threshold is reached, they should form an important part of the venue's approach to customer interaction, alongside other types of markers and behaviours that could indicate harm.

We do not propose that staff alerts are required for Category D machines that accept direct debit card payments. As outlined above, we think the player protection measures that these machines will be required to implement will be adequate to mitigate against the risk of gambling-related harm, considering the lower maximum stakes that they are subject to.

Q40.a. In your view, is there any specific safer gambling messaging that should be considered within cashless gambling? (Mandatory response)

[Yes / No / I don't know]

Q40.b. [Shown if Yes is selected] What messaging would you suggest introducing? Please include any evidence of the potential impact of this messaging. (Optional response)

[Open text box]

Summary of consultation responses

Question 40

The vast majority of responses stated that specific safer gambling messaging should be considered within cashless gambling. This question elicited the most detailed responses in this chapter from a wide variety of respondents. The overwhelming thrust of responses was that any messaging should be based on evidence.

Responses from industry stated that messaging similar to that which is already in place for cash transactions should be put in place, encouraging customers to take regular breaks, set and stick to budgets and to talk to staff and use player management tools. Some trade associations also highlighted the GamCare Code of Conduct for the display of socially responsible messaging, which they adhere to and requires that 20% of screen content displays safer gambling messages.

Some respondents from outside of industry stated that safer gambling messages should be designed independently of industry and that some of the existing industry-led safer gambling messages are ineffective. Others cited research which has been undertaken on safer gambling messaging, including from the Behavioural Insights Team and the Personal

Finance Research Centre (University of Bristol). This research recommended that the use of personalised messaging based on an individual's own patterns of gambling may be more effective than generic messages. Messaging should also have an appropriate tone combined with a clear and simple call to action. It also recommended that messages need to seem authentic and relatable, that the content needs to be in an engaging medium (dynamic content rather than static information) and that the timing of messages plays an important role e.g. once a limit has been set, once the limit has been hit, once the session has ended.

Our response

The government proposes that the existing safer gambling messaging is used on machines that accept cashless payments. With reference to the information provided within this chapter's Executive Summary, we have agreed it is appropriate for the Commission to consult on this as part of its upcoming review of the Gaming Machine Technical Standards.

We propose that such messaging should also be displayed at specific points during the customer's play, namely during the (minimum) 30 second transaction time and during any cooling-off periods when voluntary or mandatory thresholds are hit. This will ensure that the breaks designed to allow customers to make more informed or dispassionate decisions about their gambling are supplemented by safer gambling messaging and not used for any other purposes, such as promotional offers. We would not object to customers being able to set their voluntary limits during these cooling-off periods.

We propose that Category D machines are not required to display safer gambling messaging beyond the current requirements placed on these machines.

As outlined in the gambling white paper, published in April 2023, we have also committed to working with the Department of Health and Social Care and the Gambling Commission, drawing on public health and social marketing expertise to develop a new, evidence-based model for independently developed safer gambling messages. This work could then feed into the messaging that is displayed on machines.

Q41.a. Should session time be visible at all times to the customer on machines accepting direct cashless payments? (Mandatory response)

[Yes / No / I don't know]

Q41.b. Please explain your answer. (Optional response)

[Open text box]

Q42.a. Should net position be visible at all times to the customer on machines accepting direct cashless payments? (Mandatory response)

[Yes / No / I don't know]

Q42.b. Please explain your answer. (Optional response)

[Open text box]

Summary of consultation responses

Questions 41-42

Around two-thirds of the respondents agreed that the customer's session time and net position should be displayed at all times while the remaining third thought that this should not be implemented. The split was mainly between non-industry and industry respondents, with industry opposing this proposal. However, some betting shop operators were aligned with the non-industry responses and believed that the session time and net position should be displayed at all times.

Most responses in favour of implementing these features on machines were in agreement with the rationale outlined in the consultation that it would help customers to make more informed decisions and keep track of their spending. In contrast, most industry responses were concerned that customers may use this information to incorrectly determine that a machine is due a pay-out and therefore could lead to people spending more on a machine. They also argued that it is an invasion of a customer's privacy and that many people would not be comfortable with other players knowing how much they have spent and how long they have played on a machine for. Industry also stated that it is a different environment to online gambling where this information can be displayed at all times without impacting the customer's privacy or influencing other player's behaviours.

Our response

The government understands some of the arguments put forward by industry, particularly about the potential impact on player behaviour if net position and time was permanently on display on the machine. However, we believe that a variant of this feature would help customers to keep a track of their play. For example, the information could be displayed to customers at regular intervals (such as every five minutes for a 30 second period) or be readily available to customers, at their discretion, no further than one button press away. As this is a departure from the initial proposal set out in the consultation, and with reference to the information provided within this chapter's Executive Summary, we have agreed it is

appropriate for the Commission to consult on this as part of its upcoming review of the Gaming Machine Technical Standards.

We propose that Category D machines are not required to show net position or session time. We do not view this as a necessary player protection for these lower stakes machines and we are conscious that it could impose a barrier to implementing direct debit card payments, particularly on machines such as crane grabs.

Implementation

The government will allow direct debit card payments on gaming machines through a made negative statutory instrument, which will also include some of the player protection measures outlined in this chapter, such as the account verification requirement for each transaction. The Gambling Commission will also consult on a number of player protection measures that may be included in their Gaming Machine Technical Standards to ensure that appropriate frictions are in place when direct debit card payments are used.

Chapter 4: Introduction of an age limit on ‘cash-out’ Category D slot-style machines

Summary

The consultation proposed to make it an offence for a person to invite, cause or permit a child or young person to use ‘cash-out’ Category D slot-style machines. Currently, Category D machines have no age restrictions and include a range of low stake machines, such as coin push, crane grabs and slot-style fruit machines. There are two types of Category D slot-style machines, one that pays out a small amount of cash, and one that pays out tickets which can be exchanged for a small prize, toy or sweet. ‘Cash-out’ slot-style machines have a maximum stake of 1 pence and a maximum prize of £5, while ‘ticket-out’ slot-style machines have a maximum stake of 30 pence and an equivalent of a prize worth up to £8.

Currently, both types of slot-style machines can legally be played by under-18s. However, as set out in the white paper, there are concerns that ‘cash-out’ slot-style machines share similarities with higher stake machines, restricted for adults.

This section of the consultation received 46 responses, primarily from licensing authorities and gambling operators. The majority of responses were in favour of an age restriction. However, there was some disagreement over some of the additional proposals that we set out in the consultation aimed at preventing those under 18 from using these machines.

Based on responses to the consultation, we will proceed with making it an offence for a person to invite, cause or permit a child or young person to use ‘cash-out’ Category D slot-style machines. This is an important measure to create a clear distinction between gambling products for adults and lower risk products accessible to children (such as crane grabbers or coin pushers) which have non-cash prizes or are entirely unlike adult gambling products. We will also work with the relevant trade bodies and operators to understand the feasibility of implementing voluntary test purchasing to help understand whether operators are abiding by this new restriction. However, we will not mandate that these machines be moved into age-restricted areas as we do not believe that it is proportionate, considering the lower risk posed by these types of machines.

The consultation asked the following questions on ‘cash-out’ Category D slot-style machines.

Q44.a. Should the government introduce an age limit on ‘cash-out’ Category D slot-style machines to 18 and over? (Mandatory response)

[Yes / No / I don’t know]

Q44.b. Please explain your answer, providing any supporting evidence where

available. (Optional response)

[Open text box]

Summary of consultation responses

Question 44

This chapter of the consultation received 46 responses, mainly from licensing authorities and industry. The vast majority of respondents (96%) stated that the government should introduce an age limit on 'cash-out' Category D slot-style machines of 18 and over.

Our response

The government's position is to proceed with the introduction of an age limit on 'cash-out' Category D slot-style machines. We did not receive any evidence through consultation to suggest that we should not proceed with the measure as outlined in the government's white paper. Our position remains that this is an important measure to create a clear distinction between gambling products for adults and lower risk products accessible to children (such as crane grabbers or coin pushers) which have non-cash prizes or are entirely unlike adult gambling products.

Q45.a. Should 'cash-out' Category D slot-style machines be required to move to age-restricted areas in venues? (Mandatory response)

[Yes / No / I don't know]

Q45.b. Please explain your answer, providing any supporting evidence where available. (Optional response)

[Open text box]

Summary of consultation responses

Question 45

Sixty-seven per cent of respondents to this chapter of the consultation stated that ‘cash-out’ Category D slot-style machines should be required to move to an age-restricted area. This view was most strongly argued by licensing authorities. The rationale most commonly expressed for the movement of these machines into age-restricted areas was to increase the effectiveness of staff monitoring. Concerns were also expressed that the exposure of these machines to children may normalise gambling behaviour.

Twenty-two per cent of respondents stated that these machines should not be placed in age-restricted areas. The majority of these responses came from industry operators. These responses highlighted the low-risk nature of these machines. For example, Bacta commented that ‘cash-out’ Category D slot-style machines are substantially different from harder gambling slot machines, and are better described as fruit machines or amusement with prizes machines. Industry responses highlighted that it is disproportionate to require that these machines be moved to an age-restricted area for two key reasons. Firstly, it would split family groups, requiring adults who wish to play these machines to leave the group playing on non-gambling products. Secondly, it would be costly as most family entertainment centres (FECs) are unlicensed and do not offer Category C products. Category C machines, which have a maximum stake of £1 and a maximum prize of £100, can only be played by adults in certain venues, such as pubs, betting shops, arcades and bingo halls. This means that many FEC operators do not currently have age-controlled areas and would have to invest in creating such an area for what is a low stake product.

Our response

On balance, we do not believe that it is proportionate to mandate that ‘cash-out’ Category D slot-style machines be moved to age-restricted areas. Our proposal to introduce an age limit on these machines is a precautionary measure to protect children and young people from gambling-related harm. We recognise that the risk posed by these machines is small and therefore it is not proportionate to impose additional burdens on operators associated with creating age-controlled areas in their venues. In addition, we believe this would impinge on the family atmosphere of an FEC environment, unnecessarily requiring those who wish to play these games to move to a separate area. The separation of parents and children could also present a potential safeguarding issue.

Q46. What measures, if any, do you think venues should adopt to ensure that no under-18s play on ‘cash-out’ Category D slot-style machines if the age limit is introduced?(Optional response)

[Open text box]

Q47.a. Do you think premises should adopt voluntary test purchasing as a way to monitor under-18s activity on Category D ‘cash-out’ slot-style machines? (Mandatory response)

[Yes / No / I don’t know]

Q47.b. Please explain your answer, providing any supporting evidence where available. (Optional response)

[Open text box]

Summary of consultation responses

Questions 46-47

In relation to measures that venues should adopt to ensure no under-18s play on these types of machines, responses included additional staff checks on customers, staff training and placing machines in visible areas near cash desks or prize bars. The majority of respondents agreed that premises should adopt voluntary test purchasing as a way to monitor under-18s activity on ‘cash-out’ Category D slot-style machines. The benefits of this measure include the ability to assess the adherence of any given premises to these rules and identify points of failure, such as inadequate staff training. While the majority of responses stated that this measure would be beneficial, a number of licensing authorities caveated their responses by stating that voluntary commitments are limited due to the lack of consequences conditioned upon poor performance.

Government response

We believe that the implementation of voluntary test purchasing is an important safeguard for ensuring that premises are abiding by the proposed ban on the use of ‘cash-out’ Category D slot-style gaming machines by those aged under-18. Acknowledging the limitations outlined concerning the consequences of non-compliance or poor performance, we propose that industry fund, conduct, and crucially, report on the outcomes of voluntary test purchasing to DCMS. We will work with the relevant trade bodies and operators to understand the feasibility of this proposal and the frequency of any reporting to DCMS. While some of the other proposals put forward to ensure no under-18s play these types of

machines were sensible, we do not think it is proportionate to mandate any of these measures due to the lower risk nature of this product.

Q48.a. Should it be a criminal offence for a person to invite, cause or permit children or young persons to play on these machines? (Mandatory response)

[Yes / No / I don't know]

Q48.b. Please explain your answer, providing any supporting evidence where available. (Optional response)

[Open text box]

Summary of consultation responses

Question 48

Eighty-two per cent of respondents agreed that it should be a criminal offence for a person to invite, cause or permit children or young persons to play on 'cash-out' Category D slot-style machines. This measure has near universal agreement and received considerable support from industry. Respondents highlighted the success of existing approaches for age control legislation, particularly in relation to restrictions on alcohol. Industry respondents were keen however to highlight that penalties should be proportionate to the low risk profile associated with these machines.

Our response

We believe it is appropriate to make inviting, causing, or permitting under-18s to play 'cash-out' Category D slot-style machines a criminal offence. Bacta currently operates a voluntary age restriction on these machines for all of its members. However, there are a significant number of operators who are outside of Bacta's membership and therefore may not operate any age restrictions. Making this a criminal offence will ensure a level playing field for all operators. In addition, it will also ensure that clear consequences are in place to address non-compliance.

The penalty for the offence of inviting, causing or permitting a child or young person to gamble as set out in s62(1) of the Gambling Act 2005 will remain the same.

Implementation

The government will make inviting, causing, or permitting under-18s to play 'cash-out' Category D slot-style machines a criminal offence through a draft affirmative statutory instrument.

Chapter 5: Review of licensing authority fees

Summary

Many of the measures proposed within this consultation are modernising measures which are intended to support the land-based gambling industry to thrive sustainably. A central component of allowing the land-based gambling sector to develop sustainably is to ensure that it is well regulated and that customers are protected. To ensure this, we outlined in the white paper our intention to increase the cap on the maximum chargeable premises fees which can be charged by licensing authorities. These fees are used on a cost recovery basis to enable licensing authorities to undertake their gambling enforcement and administrative duties.

We received detailed evidence through the consultation process outlining the impacts which increased fees would have on both the ability of licensing authorities to undertake their duties, and the commercial pressures placed on operators. Following analysis, we propose to increase the maximum premises fees chargeable by licensing authorities by 15%.

The consultation asked the questions below on whether licensing authority fees should be increased, and if so, by how much.

Q50.a. If you are a local authority/ licensing board, how much funding did you receive in licensed gambling premises fees in the 2022/23 financial year? Expressed in thousands of pounds. (Optional response)

[Sliding scale]

Q50.b. If you are a local authority/ licensing board, how many premises licence applications did you receive in the 22/23 financial year? (Optional response)

[Sliding scale]

Q50.c. If you are a local authority/ licensing board, how many premises licences were live in your licensing area in the 22/23 financial year? (Optional response)

[Sliding scale]

Q51.a. If you are a local authority/ licensing board, do you currently charge the maximum fees as set out in the Gambling Act 2005? (Optional response)

[Yes / No / I don't know]

Q51.b. [Shown if No is selected] Please explain why you do not currently charge the maximum fees as set out in the Gambling Act 2005. (Optional response)

[Open text box]

Q52.a. How much funding do you estimate is needed for administration and the enforcement of licences annually? Expressed in thousands of pounds. (Optional response)

[Sliding scale]

Q52.b. Please explain your answer, providing any supporting evidence where available. (Optional response)

[Open text box]

Q53. Are there any functions that local authorities/ licensing boards do not exercise at present, but could if fees were increased (e.g. a more proactive enforcement policy)? (Optional response)

[Open text box]

Q54.a. The government is considering raising maximum licence fees for gambling premises. Should maximum fees be increased, how much should they be increased by? (Mandatory response)

[10% / 20% / 30% / A different amount / I do not think fees should be increased / I

don't know]

Q54.b. Please explain your answer. (Optional response)

[Open text box]

Q55.a. What do you think are the potential impacts of raising licence fees on licensing authorities? (Optional response)

[Open text box]

Q55.b. What do you think are the potential impacts of raising licence fees on gambling companies? (Optional response)

[Open text box]

Q55.c. What do you think are the potential impacts of raising licence fees on the local area? (Optional response)

[Open text box]

Q56. Please provide any additional views or evidence on the potential impacts of raising licence fees here. (Optional response)

[Open text box]

Summary

This chapter of the consultation received 40 responses, primarily from licensing authorities and gambling operators. The majority of licensing authorities advocated for the maximum proposed premises fee increase of 30%. By contrast, the majority of gambling operators, across all sectors (bingo, arcade, casino and betting) advocated for either no increase or a small increase of 10%.

The consultation sought evidence as to the current level of funding received by licensing authorities in the form of gambling premises fees, alongside the number of premises licence applications which they receive and the number of live premises licences in their areas.

Amongst the licensing authorities who responded to this consultation, the average funding received for the 2022/23 financial year, per licensing authority, was £28,000. The respondents received an average of two premises licence applications and held an average of 44 live premises licences, per licensing authority, over the same period. In response to the questions as to how much annual funding is needed for administration and enforcement of licences, the average amount stated by licensing authorities was £45,000. This was reflected by licensing authority responses in regards to how much the maximum premises fee should be raised by. The majority of licensing authorities advocated for a 30% increase. However, a number of these responses stated that this would still be below the amount necessary to undertake their duties to the fullest extent.

Licensing authorities highlighted numerous benefits which would be achieved by increasing the maximum chargeable premises fees by 30%. A key stated benefit was the ability to undertake more proactive engagement and enforcement activities with licensed premises. This may include increasing staff numbers, with one licensing authority stating that it would consider dedicating one full-time resource to the enforcement of licensed premises. A number of local authorities also outlined how they would enhance their current duties with increased funding, such as through the development of policy statements or increased test purchasing activities.

Responses from industry advocated for either no increase in the maximum chargeable premises fees or a small increase of 10%. A number of these responses acknowledged the financial pressures placed on licensing authorities, which was reflected by the substantial number of industry responses that advocated for a 10% increase. As part of the increase in premises fees, industry responses highlighted that they would like to see licensing authorities invest in further staff training to increase knowledge and understanding of gambling legislation, which in their view, would improve engagement.

Industry responses were opposed to increasing the maximum chargeable fees beyond 10% for two main reasons. The first was the commercial pressures and increased overheads which businesses are facing (as outlined in the Introduction). The second concern was the lack of transparency regarding the way in which fees are used by local authorities and a perception that local authority activities, such as premises visits, do not appear to be reflected by the level of fees currently paid. For example, one respondent highlighted that, based on the Gambling Commission's 2023 Licensing Authority Statistics, 142 Licensing Authorities made no visits to gambling licensed premises during 2022/23. However, premises visits are only one aspect of a licensing authorities regulatory work. A low number of premises visits may also be indicative of the lack of funding received by licensing authorities to fully undertake duties, such as inspections, alongside other administrative and enforcement functions.

Our response

We believe that on balance an increase to the maximum cap on premises licence fees by 15% is proportionate. This change will be made in respect of licensing authorities in England and Wales. Premises licence fees in Scotland are set under different regulations and are therefore a matter of consideration for the Scottish Government.

Increased fees will enable licensing authorities to undertake more enforcement and engagement activities with licensed premises. We believe this is particularly important within the wider context of the modernising measures we are taking to support land-based gambling operators. We do not believe that a 10% increase is sufficient to future-proof licensing authority funding in line with the recovery of the land-based sector from the challenges of COVID-19 and rising energy prices in recent years. We will keep the 15% increase in fees under review to ensure that its impact is proportionate both to the funding requirements of licensing authorities and the financial pressures placed on operators.

It is noted that, for the casino sector, this proposal will be taken forward in the context of plans to harmonise the operating and premises licence fees between 1968 Act casinos and 2005 Act Small casinos. Please refer to Chapter 1 of this document for more information on those proposals.

As outlined in the consultation, the fees payable for gaming machine notifications and gaming machine permits are not in scope of this review. Therefore, venues such as pubs and members' clubs will not be impacted by any increases to premises licence fees.

Implementation

The government will increase the maximum cap that licensing authorities can charge by 15% through a made negative statutory instrument.

Annex A: List of responding organisations who agreed to attribute their response to their organisation

888 William Hill
abrdn Financial Fairness Trust
Association of Directors of Public Health North East
Association of Police and Crime Commissioners - Addictions and Substance Misuse Portfolio
BACTA
Betfred Group
Betting and Gaming Council
Blasemere
Blueprint Operations Limited
Bournemouth University
Buzz Group Limited
Christian Action Research and Education (CARE)
Durham County Council Public Health
East Ayrshire Council
Entain
GambleAware
Gambling with Lives
GamCare
Genting Casinos UK Ltd
Greater Manchester Combined Authority (GMCA)
Hippodrome Casino Limited
Leisure Electronics
London Borough of Enfield
London Borough of Haringey
London Borough of Southwark
Merkur Bingo & Casino Entertainment UK Limited
Merkur Slots UK Limited
Merkur Technical Support
Network Resource Management Limited
Newcastle-under-Lyme Borough Council
Northumberland County Council - Public Health
Rank Group Plc
Regal Amusement Machine Sales Limited
Sunderland City Council
The Association of Directors of Public Health, Yorkshire and the Humber
The Behavioural Insights Team
The Samaritans
Wales Safer Communities Network
Wexel Gaming Limited