
**Report of the
GAMING BOARD FOR
GREAT BRITAIN
1986**

Report of the Gaming Board for Great Britain 1986

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

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MEMBERS OF THE GAMING BOARD FOR GREAT BRITAIN IN 1986

SIR ANTHONY RAWLINSON KCB, *Chairman* (to 22 February)

MR N A WARD-JONES VRD, JP, *Chairman* (from 1 March)

MR M H HOGAN (from 10 October)

MR W N HUNTER SMART CA

LADY IBBS JP

MR P B KAVANAGH CBE, QPM

Secretary

MR M H HOGAN (to 18 March)

MR J V DANCE (from 19 March)

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To:

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

In pursuance of section 50 of the Gaming Act 1968 I have the honour to present the eighteenth report of the Gaming Board for Great Britain covering the year 1st January to 31st December 1986.

NORMAN A WARD-JONES
Chairman

13 February 1987

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1 Introduction

1. This is the Board's eighteenth annual report.
2. On 22 February Sir Anthony Rawlinson who had been Chairman since 1 July 1985 sadly died after a climbing accident in Snowdonia.
3. Mr N A Ward-Jones who has been a Board Member since 1984 was appointed Chairman on 1 March and on 19 June his appointment was extended for a period of 3 years from 1 July 1986.
4. The Board's Secretary for 6 years, Mr M H Hogan, retired in March and was succeeded by Mr J V Dance. Mr Hogan returned to the Board as a Member on 10 October.

Contacts with other enforcement agencies

5. In the course of the year the Board maintained their contacts with those concerned with the regulation of gaming in other jurisdictions and were visited by officials from Australia, Austria, the Bahamas, New Zealand and the United States of America with whom they were able to discuss matters of common concern.

2 General

Legislation

6. Reference was made in last year's report to the introduction of a Bill to amend section 16 of the Gaming Act to allow for the redemption and consolidation of cheques presented for gaming. The Bill completed its passage through Parliament and received Royal Assent in May to become the Gaming (Amendment) Act 1986. Implementation of the Act has awaited the introduction of regulations on record-keeping. Proposals for those regulations were discussed with the British Casino Association and put to the Home Office towards the end of the year. The Department hopes to have the Act and regulations in force soon. The Board's inspectors will closely monitor compliance with the regulations.

7. In December, a Bill to amend section 18 of the Gaming Act was introduced by The Lord Harris of Greenwich. It aims to allow casinos to be able to remain open on Sunday mornings until 4.00 am, the same time as on weekdays, instead of the present 3.00 am in London's West End and 2.00 am elsewhere. The Board do not oppose the proposal.

8. We referred in our last report to the Gaming (Bingo) Act 1985. That Act came into force on 9 June 1986 by virtue of the Gaming (Bingo) Act 1985 (Commencement) Order 1986. The Gaming Clubs (Multiple Bingo) Regulations 1986 and the Gaming (Bingo) Act (Fees) Order 1986 also became effective at the same time. The Act and the subordinate legislation enabled applications to be made to the Board for a certificate of approval to operate a daily game of multiple bingo (the national game) in licensed bingo clubs, for a maximum national prize of £50,000. The regulations also stipulated that each game of multiple bingo should be played within a set period of 30 minutes. We refer to the national bingo game more fully in paragraphs 47-49.

9. On 28 November the Gaming Act (Variation of Monetary Limits) Order 1986 was laid before Parliament. This and a similar order for Scotland came into effect on 1 January 1987 and provided for increases in the prize limits for amusement-with-prizes machines. The increases are described more fully in paragraph 68.

Financial Management Review

10. Completion of the Board's financial management review and of the parallel re-examination of policy and procedures led to a number of procedural changes in the processing of applications aimed at improving performance and cost-effectiveness. There have also been improvements in the Board's internal information systems. The location and structure of the Inspectorate were re-organised, leading to savings in accommodation and staff costs, and the bringing together during the year of the Board's Headquarters staff in one building resulted in gains in efficiency and economy.

11. The most important change to flow from the review concerned the way in which the Board is funded. With effect from 1 April 1987 this will be by way of a grant-in-aid, the usual arrangement for financing Non-Departmental Public

Bodies. The change will give the Board closer control of their resources and expenditure and will result in the preparation of accounts giving a fuller picture of the Board's costs. It is the intention in future years to include such accounts as part of the Board's Annual Report.

Conference for Gaming Licensing Committees

12. In May, a short residential conference on the role of the Board, with particular emphasis on casinos, was held at Madingley Hall, Cambridge, for chairmen and clerks of gaming licensing committees. The Chairman with Board members and officials took part in what all participants found to be a stimulating and informative series of exchanges.

De-regulation

13. At the invitation of the Home Office, the Board considered the scope for the removal or relaxation of gaming controls where experience suggested that course was appropriate and where this could be achieved without in any way undermining the necessary controls. In making a number of proposals to the Department, the Board also suggested several legislative changes which, in the Board's view, are needed to strengthen those controls.

Remuneration and Expenses of the Board

14. Details are given in Appendix I.

3 Casino Gaming

Casino activities

15. Following a raid by officers of Leicestershire Constabulary and Gaming Board Inspectors in September 1985 on the premises of a club in Leicester, the Board lodged an objection to the renewal of the licence and an application for its cancellation. In 1986, before matters could be determined by the licensing authority, the licence-holder relinquished the licence.

16. The Board also sought the cancellation of the licence for a club in Walsall, their application succeeding when, in December, the licensing authority cancelled the licence and disqualified the premises for one year. The operator had acquired the licence by the purchase of the share capital of the licence-holding company in December 1985: a type of transaction which does not require the Board's certificate of consent. The Board have in the past expressed concern at the way in which control can be affected by changes in the shareholding. In the Board's view, the events which led to cancellation and disqualification in this case are a clear illustration of the need for legislative change in the matter of the acquisition of casino licences through share purchase.

17. Paragraph 23 of the Board's report for 1985 referred to the licence renewal application for a club in Cardiff which had been adjourned *sine die* because relevant matters remained unresolved. A date for the hearing of the application had not been arranged by the end of 1986.

Number and distribution of licensed clubs

18. On 1 January, the number of clubs operating was 115 but had been reduced to 114 at 31 December. A breakdown of this number into locations and a full list of the localities in which clubs may be licensed for gaming other than bingo, bridge or whist are given at Appendix II.

Financial Performance

19. The estimated drop (money exchanged for chips) for 1986 was £1,604 million, a decrease of £16 million over the previous 12 months. This is the first year since we began to keep records that the total drop figure has fallen. The decline was due entirely to a marked fall in London during the Summer months, the figures improving substantially towards the end of the year. We believe that the fall in London drop was the result of the absence of high-staking players from abroad. The provincial casinos, who do not cater to any great extent for overseas punters, showed a modest increase in drop for the year. The totals for the last 4 years have been:

Year	£ million	Percentage difference (over previous year)
1983	1,229	—
1984	1,482	+14
1985	1,620	+9
1986	1,604	-1

20. The drop in London fell from £1,235 million in 1985 to £1,181 million, a decrease of 4.4 per cent. London's share of the total drop for Great Britain also fell, to 73.6 per cent.

21. Outside London, the drop went from £385 million in 1985 to £423 million, showing an increase of £38 million, some 9.9 per cent. The figures on a regional basis were as follows:

Region	1985 £m	1986 £m	Change (per cent)
Scotland	54	55	+1.9
North	139	151	+8.6
Midlands and Wales	94	105	+11.7
South	99	113	+14.1
London	1,235	1,181	-4.4

22. A comparison of the money staked on casino games was as follows:

	Stakes expressed as a percentage of the drop			
	1983	1984	1985	1986
American roulette	63.9	62.0	63.0	63.1
Punto banco (including baccarat)	17.5	19.7	17.9	18.9
Blackjack	16.5	16.6	17.3	16.3
Craps	1.2	1.2	1.5	1.6
French roulette	0.9	0.5	0.3	0.1

23. Although there was less money exchanged for chips during the year, the casinos retained a larger share of it as their gross profit than in previous years. The sums taken by casinos from the drop as the house win have been as follows:

Year	£ million (win as a percentage of the drop)
1983	263 (20.2%)
1984	278 (18.8%)
1985	299 (18.5%)
1986	312 (19.5%)

1985 Consent applications and the resultant licence applications

24. The following tables show (i) the number of consent applications received between 1 January and 31 December 1985 and their determination, and (ii) the number and determination of the resultant licence applications:

	England and Wales	Scotland	Totals
(i) Certificates of consent			
Applications made	15	—	15
Applications withdrawn	6	—	6
Certificates issued	9	—	9
(ii) Licences			
Applications made	9	—	9
Applications refused	2	—	2
Licences granted	7	—	7

1986 Consent applications and the resultant licence applications

25. The following tables show (i) the number of consent applications received between 1 January and 31 December 1985 and their determination, and (ii) the number and determination of the resultant licence applications during the year:

	England and Wales	Scotland	Totals
(i) Certificates of consent			
Applications made	21	2	23
Applications withdrawn	5	—	5
Applications not determined by 31 December	6	—	6
Certificates issued	10	2	12
(ii) Licences			
Applications made	10	2	12
Applications not heard by 31 December	4	1	5
Applications refused	1	—	1
Licences granted	5	1	6

Applications for renewal

26. At the beginning of the year, there were 123 licences in existence, including 8 for casinos which were not operative at that time. The position reached by the end of the year was as follows:

Licences renewed	115
No applications made	4
Applications withdrawn	2
Licence cancelled	1
Hearing adjourned	1

Transfer of licences

27. The Board received 5 applications during the year for consent to transfer of existing licences. By 31 December, 1 certificate of consent had been issued, 1 application had been withdrawn and 3 awaited determination.

London

28. On the basis of the statistical evidence provided by the census returns made to the Board each month by the clubs in London and from information provided by the Board's inspectors, the Board took the view that there were more than sufficient facilities in London to meet the level of demand. We therefore continued to advise the licensing justices in London that in our view there was no need for any additional gaming facilities.

29. The number of casinos operating in London remained at 20. No applications were made during the year for licences to increase this number, but some operators sought either on removal to substitute premises or by enlargement of their existing premises to provide extra space for additional gaming tables.

30. The Victoria Casino and Cromwell's Mint were granted new licences in the course of the year for enlarged premises while the Casanova Club received a new licence for substitute premises. All three licences were subject to undertakings from the applicants limiting the numbers of gaming tables. The Barracuda

applied in January for a new licence for enlarged premises. The application was refused on demand grounds. They lodged an appeal against this decision but the appeal had not been heard by the end of the year.

31. When seeking renewal of their licence, the International Sporting Club applied for an enlarged gaming area and sought release from their undertaking limiting table numbers until the next renewal. The justices refused to enlarge the gaming area and insisted before renewing the licence on the undertaking being repeated. This decision was reversed on appeal; the gaming area was enlarged and the applicant gave a new undertaking for an increased number of tables.

Outside London

32. Three applications for additional licences were made in the provinces during the year. One, for premises in Edinburgh, was granted; the other two, for premises in Southampton and Leicester, were refused. The Board had objected in all three cases on ground of demand. An appeal has been lodged against the refusal in Leicester.

33. Three new licences were granted for enlarged premises for casinos in Birmingham, Hove and Manchester. All three licences were subject to undertakings limiting the numbers of gaming tables.

34. Three new licences were also granted for substitute premises for casinos in Birmingham and Leeds. These licences were also subject to undertakings limiting the numbers of tables.

35. A licence was granted for substitute premises for a club in Reading. Application had been made for an enlarged gaming area in the new premises but the licensing authority restricted the gaming area to the same size as the one in the original premises.

36. A club in Bournemouth applied on renewal for release from their undertaking limiting the number of tables. The licensing authority granted the release but restricted the gaming area to limit the additional tables which could be installed.

37. In last year's report, reference was made to several clubs which, although licensed, were closed at the end of 1985. During 1986, the licence for the Bournemouth club was relinquished and that for the club in Stockton was not renewed. The club in Coventry re-opened in 1986 but the club in Dundee remained closed throughout the year. The one casino in Stockport was closed by fire in October 1986 and remained closed at the end of the year.

4 Licensed Bingo

Trends

38. Statistics provided by HM Customs and Excise indicate that the amounts staked annually on bingo, for each of the last five years, were as follows:

	£ million	Percentage change from previous year
September 1981 to August 1982	468.78	-0.91
September 1982 to August 1983	492.79	+5.12
September 1983 to August 1984	496.81	+0.82
September 1984 to August 1985	496.31	-0.10
September 1985 to August 1986	517.03	+4.17

Size of the industry

39. The number of clubs licensed under Part II of the Gaming Act for bingo only showed a further decrease. The number of clubs so licensed at 31 December in each of the last five years was as follows:

	England and Wales	Scotland	Totals
1982	1,380	176	1,556
1983	1,268	168	1,436
1984	1,228	149	1,377
1985	1,127	143	1,270
1986	1,042	144	1,186

40. Not all clubs holding licences are open for business. At the end of the year a total of 1,111 clubs (979 in England and Wales and 132 in Scotland) were operating, compared with 1,178 at 31 December 1985.

Linked Bingo

41. The number of clubs participating in linked bingo decreased from 917 to 911. The number of links operating decreased from 267 to 265.

42. The largest link up was one of 14 clubs. Most links were much smaller, consisting of not more than two to four clubs.

	Number of such links	Number of clubs participating
Two	56	112
Three	99	297
Four	71	284
Five	31	155
Six	3	18
Seven	1	7
Eight	3	24
Fourteen	1	14

43. The number of clubs participating in linked bingo during each of the last seven years was as follows:

1980	1,007
1981	1,019
1982	1,013
1983	978
1984	947
1985	917
1986	911

Survey of bingo clubs

44. The Board have discontinued the practice of holding a biennial survey of bingo clubs because of the high cost of the survey and the limited value of the figures obtained.

Bingo duty

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

Bingo Gaming Hours, Charges and Prizes

46. There were no changes in the Regulations governing the hours of play and admission and participation charges in bingo clubs and the limits on prize money. At the end of the year, the Board were however reviewing the case for certain changes following representations from the industry. We referred in paragraph 8 to the Gaming (Bingo) Act 1985 which came into force on 9 June. This permitted a new daily game of multiple bingo at licensed bingo clubs with a national prize of up to £50,000 as well as regional and house prizes.

The National Bingo Game

47. Following the issue by the Board of a certificate of approval to operate a game of multiple bingo to the National Bingo Game Association Limited, the national game began on 19 June. In determining the issue of a certificate of approval, the Board had close regard to the arrangements for the playing of the game and for ensuring security. The rules for the game, which formed an integral part of the National Bingo Game Association's application, were also the subject of close scrutiny.

48. The intention is to run the game, which must follow a strict timetable, each evening except on Christmas Day. As a first step, clubs wishing to participate connect to a central computer at the National Game Control. Details of the numbers of tickets sold are communicated to the central computer before the game begins so that the national and regional prizes can be calculated and made known to the clubs. A random number generator at Game Control then produces the calling numbers for the night's game and these are transmitted to all clubs. Every club plays the game, using the same sequence of numbers, until there is a house winner. Details of each house winner and the number of calls to win are entered into the computer and the regional and national prize winners are determined. The national winner is the house winner who wins on the least number of calls and the regional winner is similarly determined. Details of the national prize and regional winners are transmitted to the clubs soon after the conclusion of the game. All prizes and claims are subject to re-scrutiny, the Association's aim being to make payment of the prizes within 10 days.

49. After initial problems, the game has been played nightly with near regularity, with 700-800 clubs participating and the major prize being, on average, rather more than £40,000. We think it is too soon to say whether the national game will meet its aim of halting the decline in admissions at bingo clubs. First indications point to no major increase in admissions.

Mechanised Cash Bingo (MCB)

50. We referred in paragraphs 54 and 55 of our last report to the revision of the recommended code for the operation of mechanised cash bingo and the revised code was reproduced at Appendix III to that report. During the year, the Board became concerned about a new type of mechanised cash bingo equipment which removed any element of active participation by the player, giving rise to renewed concern about the rapid nature of the game. Agreement was reached between the Board and the manufacturer about a modification to the equipment to require a degree of participation by the player. The MCB Code of Conduct of the Bingo Association of Great Britain was accordingly revised on 1 December by the insertion of the following new paragraph 5:

5. In all games of Mechanised Cash Bingo it shall be the responsibility of the player to mark off or cover or otherwise physically monitor the numbers called and the onus shall be on the winning player to stop the game by calling loudly or pushing the stop button.

51. A survey by the Board's Inspectorate has shown that out of a total of 1,186 clubs operating at 31 December 1986, 892 played mechanised cash bingo.

1985 Consent applications and the resultant licence applications

52. The following tables show the results of consent applications made to the Board during 1985, and the number and determination of the resultant licence applications:

	England and Wales	Scotland	Totals
Certificates of consent			
Applications made	57	6	63
Applications withdrawn	11	1	12
Applications refused	—	1	1
Certificates issued	46	4	50
Licences			
Applications made	44	4	48
Applications withdrawn	7	—	7
Applications refused	2	1	3
Adjourned sine die	1	—	1
Licences granted	34	3	37

Note:

Although the Board issued 50 certificates of consent, a certificate holder decided not to make a licence application in respect of one of them and another had still to be made at the end of 1986.

Applications for renewal

53. During the year, 1,179 applications for the renewal of licences were lodged with the licensing authorities; 1,159 were renewed, 3 were still to be determined by the end of the year and 17 applications were withdrawn. Three licences were subsequently relinquished after renewal.

54. The Board did not object to the renewal of any licences during the year.

1986 Consent applications and the resultant licence applications

55. The following tables give details of the number of consent applications received during the year, and their determination by the Board, as at 31 December, and the number and determination of the resultant licence applications:

	England and Wales	Scotland	Totals
Certificates of Consent			
Applications made	44	7	51
Applications withdrawn	7	2	9
Applications refused	1	—	1
Applications not determined by 31 December	5	1	6
Certificates issued	31	4	35
Licences			
Applications made	27	3	30
Applications withdrawn	1	—	1
Applications refused	—	—	—
Applications not determined by 31 December	4	2	6
Licences granted	22	1	23

Note:

Although the Board issued 35 certificates of consent, 2 certificate holders decided not to make licence applications and licence applications had not been made in respect of 3 others by the end of the year.

Transfer of licences

56. During the year, the Board received 134 applications for certificates of consent to the transfer of "bingo only" licences, from one person to another. Of these applications, 9 were withdrawn, 2 were refused, 113 were granted and 10 remained to be determined at the end of the year. The number of applications received was unusually high because 17 applications were received from one operator following a decision to transfer the licences from one subsidiary to another. In addition, 36 licences were transferred from one major operator to another.

5 Certification of Employees

Applications

57. During the year, the Board received 4,804 applications for certificates under section 19 of the Gaming Act, and issued 4,325 certificates. These figures compare with 5,033 and 4,493 in 1985 and 3,856 and 3,756 in 1984.

Interviews

58. Following a review of procedure, the Board decided to cease interviewing first-time applicants for the supervisor's certificate of approval. These interviews were discontinued in February. Employers are now required to certify that the applicant has the knowledge (as set out in Appendix III to the Board's 1981 Annual Report) to perform satisfactorily the functions of a supervisor.

59. As reported in 1985, the Board introduced from 1 January 1986 interviews for first-time applicants for the bingo manager's certificate of approval. The new system of local interviews has worked well.

60. During 1986, 220 interviews were held. They comprised:

- (a) 68 applicants for gaming managers' certificates. 63 were granted, 5 deferred.
- (b) 9 applicants for supervisors' certificates. 8 were granted and 1 deferred.
- (c) 2 applicants for gaming inspectors' certificates. Both were refused.
- (d) 14 applicants for gaming operatives' certificates. 12 were granted and 2 refused.
- (e) 109 applicants for the bingo manager's certificates of approval. 91 were granted, 11 deferred, 6 withdrew and 1 was refused.
- (f) 16 persons holding certificates of approval in respect of casinos who had been the subject of adverse reports. In respect of 3, the Board took no further action. 13 had their certificates revoked.
- (g) 2 persons holding bingo managers' certificates who had been the subject of adverse reports. Both had their certificates revoked.

Revocation without interview

61. All certificate holders against whom the Board are considering revocation action are given the opportunity to appear for interview or to make written representations. If they fail to do either, the Board must consider their continued suitability to hold the Board's certificate on the basis of available information. During the year, 35 persons had certificates revoked without interview.

Issue of Certificates

62. Applicants for the manager's certificate were called to interview within a few weeks of the date of receipt by the Board of their application. There was, inevitably, more delay in processing applications for first certificates because of the need to obtain reports from the police or other authorities. A review of the

processing of applications has resulted in a number of procedural changes designed to reduce delay.

Quality of managerial applicants

63. The quality of first-time applicants for the manager's certificate was in general good and in only a few cases did the Board feel unable to grant a certificate. Where the applicant did not meet the required standard, the application was deferred, by agreement, to allow the applicant to improve his or her knowledge of the Gaming Act and the regulations made under it. The Board regard it as important that operators should ensure that their senior staff have adequate training before they apply for the manager's and supervisor's certificate.

Contravention of section 23(6) of the Gaming Act

64. A number of applicants failed to make a full disclosure of their convictions, although the application form makes it quite clear that the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975 allows the Board to require the disclosure of convictions otherwise treated as spent. There was one prosecution by the police during the year for failure to disclose previous convictions. In a number of other cases, the matter was taken up with the applicant by the Board.

Statistics

65. The statistics relating to section 19 certificates for the year are given in the following table:

	Gaming other than bingo				Bingo only		Totals
	Managers & Supervisors		Operatives & Inspectors		Managers		
	England and Wales	Scotland	England and Wales	Scotland	England and Wales	Scotland	
Applications received during 1986	267	6	3,942	277	282	30	4,804
Certificates issued (including those for applications carried forward from 1985)	234	6	3,522	180	243	27	4,212
Old certificates re-issued	24	—	83	2	4	—	113
Applications refused	—	—	4	—	1	—	5
Applications withdrawn	—	—	542	63	7	2	614
Awaiting fee or under enquiry on 31 December 1986	7	3	188	32	29	1	260
Revocations*	2	—	35	1	10	2	50

* Figures given refer to individuals. Because some of those held more than one certificate, 118 certificates were revoked.

6 Gaming Machines

Number of machines in use

66. Those undertaking the sale, supply and maintenance of gaming machines require certificates from the Board under section 27 of the Gaming Act, but there is no requirement for certificate holders to provide us with information about the number of machines which they sell, supply or maintain. With certain exceptions, however, machines used for gaming must be covered by a gaming licence issued by HM Customs and Excise under section 21 of the Betting and Gaming Duties Act 1981. The Board are indebted to HM Customs and Excise for the following figures, derived from the latter's Annual Report for the 12 months ended 31 March 1986, which provide an indication of the number of machines then in use.

	Number of machines covered by gaming machine licences for the licensing years	
	1985-86	1984-85
Jackpot machines (installed in premises licensed or registered under the Gaming Act 1968)	39,600	39,100
Amusement-with-prizes machines (AWP) (commonly found in public houses, cafes, arcades and pleasure fairs)	160,800	138,400

67. The number of jackpot machines increased by 500 (1.3 per cent), and the number of AWP's increased by 22,400 (16.2 per cent). The increased figures, in particular in AWP's, may well be due in part to administrative changes made by HM Customs and Excise on the introduction, in 1985, of a centralised method of collection of gaming machine licence duty.

Stakes and prize limits

68. We referred in paragraph 9 to increases in the prize limits for AWP's. On 28 November, the Home Office announced that these limits would be increased from £1.50 to £2 for a money prize, and from £3 to £4 for a non-monetary prize. The increases came into effect on 1 January 1987. There were no changes in the maximum stake of 10p.

69. Before making their recommendations to the Home Secretary, the Board held a series of meetings with representatives from all sides of the industry, thus enabling manufacturers and operators to make their views known directly to them. The Board gave due consideration to those views in formulating their proposals. The principles behind their recommendations and their policy generally on AWP's were explained by the Chairman in his speech to the Annual Convention of the British Amusement Catering Trades Association on 4 December. He stressed that AWP's were essentially for amusement and that large increases in the prize limits would change their nature in a way quite contrary to the intention of the legislation, and be likely to lead to criticism, particularly on account of the wide availability of the machines. For the future, he saw the general pattern of prize limits continuing because it was fundamental to the legislation under which the machines were allowed.

70. Representations were made for an increase in the maximum prize limit for jackpot machines (which was fixed at £100 in 1978 by agreement with the trade). The Board considered those representations and agreed an increase to £150. This was also announced by the Home Office on 28 November, to take effect from 1 January 1987. The non-statutory basis for the maximum prize is expected to continue.

Skill-with-prizes Machines

71. In their 1985 report, the Board noted the development of quiz-game machines offering cash prizes. After a close study of the principle of operation of quiz-game machines and after taking legal advice, the Board concluded that such machines involved a game of skill only and were therefore not subject to Part III of the Gaming Act. During the year, various other types of skill games paying cash prizes were introduced. The Board took the view that each such type of machine must be assessed on its merits to determine whether the game is one of pure skill or whether an element of chance is involved. Individual manufacturers have co-operated closely with the Board in arriving at a view on this matter. The Board were pleased to note that BACTA has imposed its own code for all skill-with-prizes machines limiting the maximum cash prize to £10. The development and use of skill-with-prizes machines, both quiz and non-quiz types, will continue to be monitored closely by the Board.

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

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

	England and Wales	Scotland	Totals
Applications outstanding on 31 December 1985	50	5	55
New applications received	77	12	89
Totals	127	17	144
Certificates issued	70	9	79
Applications refused	4	—	4
Applications withdrawn	21	1	22
To be determined, or awaiting payment of fee, on 31 December 1986	32	7	39
Totals	127	17	144

Renewal of Certificates

73. During the year, 227 certificates reached the end of their five year life. The Board were notified that renewal was not being sought for 73 of these. 154 renewals were therefore left to be considered. The outcome of these applications, along with 29 renewal applications (including 10 applications from the original certification programme) carried over from 1985, is shown in the following table:

	England and Wales	Scotland	Totals
Renewal applications from original certification programme outstanding on 31 December 1985	10	—	10
Other applications outstanding on 31 December 1985	18	1	19
Applications received during 1986	144	10	154
Totals	172	11	183
New certificate necessary	13	—	13
Certificates renewed	139	10	149
Applications withdrawn	10	—	10
Applications refused	2	—	2
To be determined, or awaiting payment of fee on 31 December 1986	8	1	9
Totals	172	11	183

74. Certificate holders are reminded that, if their certificate expires before it is renewed, they may continue to honour existing contracts, but are not entitled to negotiate new contracts, or new rental or maintenance terms for machines already on sites; nor, in the absence of a current certificate, can such machines be replaced, or be taken away and subsequently returned.

Revocations

75. During the year 6 certificates were revoked.

Certificates in force

76. On 31 December, there were 1,390 certificates in force, an increase of 124 compared with 1985.

Permits

77. Permits are issued free of charge for isolated transactions such as the sale of an unwanted machine by a person not normally in the trade. 13 such permits were issued during the year.

7 Registered Clubs

Registration under Part II of the Gaming Act 1968

78. As a result of the Gaming (Amendment) Act 1982, applications for the registration of members' clubs and miners' welfare institutes under Part II of the Gaming Act may be made to the local registration authority at any time during the year. In England and Wales, such applications must be heard at licensing sessions during the months of January, April, July or October and in Scotland at licensing sessions during January, March, June or October. In addition, a licensing authority may at its discretion hold sessions at other times during the year.

79. Registration lasts for 12 months in the first instance. Applications for renewal must be made not earlier than five nor later than two months before the date on which the registration is due to expire.

80. The following table sets out particulars of registrations in the period 1 April 1985–31 March 1986. The time period has been changed from 1 July–30 June to 1 April–31 March to fit in with the financial year. These figures are derived from returns submitted to the Board by clerks to licensing authorities in England and Wales, and by sheriff clerks in Scotland, as is required by Schedule 10 to the Gaming Act.

	England and Wales	Scotland	Totals
Initial applications			
Granted	33	—	33
Refused	—	—	—
Not proceeded with	2	—	2
Not determined by 31 March 1986	—	—	—
Totals	35	—	35
Renewal applications			
Granted	453	1	454
Refused	2	—	2
Not proceeded with	24	—	24
Not determined by 31 March 1986	2	—	2
Totals	481	1	482

81. During this period, 29 registrations were cancelled or relinquished in England and Wales.

82. The total number of clubs registered under Part II of the 1968 Act at 31 March 1986 in England and Wales was 686. In Scotland it was 14.

Registration under Part III of the Gaming Act 1968

83. Clubs or institutes may be registered with licensing authorities under Part III of the Gaming Act at any time of the year. The duration is for a period of five years from the date of registration.

84. The following table shows the disposal of applications made between 1 April 1985 and 31 March 1986. In this table also, the period covered has been changed from 1 July-30 June to 1 April-31 March to fit in with the financial year. These figures are derived from returns submitted by clerks to the local licensing authorities in England and Wales, and by sheriff clerks in Scotland.

	England and Wales	Scotland	Totals
Initial applications			
Granted	1,459	79	1,538
Refused	32	—	32
Not proceeded with	75	8	83
Not determined by 31 March 1986	5	—	5
Totals	1,571	87	1,658
Renewal applications			
Granted	10,410	917	11,327
Refused	20	—	20
Not proceeded with	279	44	323
Not determined by 31 March 1986	7	—	7
Totals	10,716	961	11,677

85. According to the returns, during this period 990 existing registrations were cancelled or relinquished in England and Wales, and 41 in Scotland.

86. The total number of clubs registered under Part III of the 1968 Act on 31 March 1986 in England and Wales was 20,522. In Scotland it was 2,020.

8 Pool Competitions Act 1971

87. This Act, previously extended by order until 26 July 1986, was given a further year's extension by the Pool Competitions Act 1971 (Continuance) Order 1986 (SI. 1986 No. 1234).

88. Of the four remaining licensed pool promoters, two ceased to operate pool competitions during the year.

89. The Board continued to exercise their powers under the Act to safeguard the interests of competitors, and to ensure the maintenance of the levels of benefit to the societies named in the certificates granted under the Act.

9 Lotteries

90. On 1 January, there were 532 lottery schemes registered with the Board, comprising 97 local authority and 435 society schemes. (The total at 31 December 1985 was wrongly given as 528 in last year's report. The figure should have been 532.) During the year, 25 local authorities and 148 societies registered schemes with the Board for the first time. 30 local authority and 110 society schemes expired and were not renewed. The total number of schemes registered with the Board as at 31 December was 562, comprising 91 local authority and 471 society schemes. (These figures take account of the 3 revoked registrations—see paragraph 93 below.)

91. There was thus a decrease of 6 (6 per cent) in the number of local authority schemes registered with the Board, and an increase of 36 (8 per cent) in the number of society schemes so registered.

92. During the 12 months to 31 December 1986, local authorities promoted 482 lotteries compared with 598 in the preceding 12 months, a decrease of 116 (19 per cent). Societies promoted 1,223 lotteries under schemes registered with the Board, compared with 1,574 in the previous period, a decrease of 351 (22 per cent). The Board have no means of knowing how many lotteries were promoted under local authority registration. (See paragraph 100 below for a description of the revised presentation of statistics.)

Action by the Board

93. During the year, the Board revoked 3 registrations (2 society and 1 local authority). 4 applications were registered at the direction of the Secretary of State (1 society and 3 local authority).

94. The Board's staff continued to assist the police with investigations into alleged lottery offences. The police brought proceedings in a case where there had been a substantial misappropriation of funds in a lottery for which no scheme was registered with the Board at the relevant time. The principal offenders were convicted and sentenced to 3 years' imprisonment.

95. Last year's report referred to the Board's decision to introduce additional measures to sharpen the examination of applications for registration and to strengthen the controls over the supervision of lotteries. These measures, which were implemented in stages during the course of the year, included:

- (i) a check with the police on persons employed for reward in connection with lottery schemes, where such persons were likely to be in control of the lottery;
- (ii) a check with the local authority with whom a society applying to the Board had been registered for an appropriate period to ascertain whether the society had conducted lotteries satisfactorily under that registration; and
- (iii) a requirement that the promoter submit evidence that the beneficiaries of a lottery had received the due net proceeds of that lottery.

96. As intimated in last year's Report, during this year the Inspectorate undertook for the first time inspections of a sample of societies with lottery schemes

registered with the Board. Further inspections are planned; when a sufficient number have been completed, an assessment will be made of the general picture revealed.

Private Lotteries

97. The views of the Board were sought by the Director of Public Prosecutions on a particular type of lottery being operated by a number of sporting organisations. The Board expressed concern over the proliferation of these lotteries and, after taking advice from Counsel, the Director concluded that such lotteries did not fall within section 4 of the Lotteries and Amusements Act 1976 as the promoters had contended. The industry were alerted to this possibility by a member of the Board's staff at a Lotteries Council Seminar in November and at the end of the year steps were planned to inform the industry of the Director's decision.

Joint Venture Lotteries

98. Proposals were submitted to the Board for a new type of lottery promotion, in which a number of separate society lotteries would be run in a joint venture, the apparent aim being to offer a linked maximum prize, which would have the effect of exceeding the statutory limit for a single lottery. Similar proposals for promoting separate lotteries on a combined ticket had been made in the past and the Board had not objected to these where, amongst other considerations, it was possible to win prizes in each lottery separately. This latest proposal was designed to circumvent the monetary limits, and moreover it was intended to stress the magnitude of the prizes in advertisements. The proposal was in the Board's view clearly contrary to the spirit and intention of the 1976 Act. The Board therefore recommended to the Home Office that Regulations be introduced under section 12 of the Act prohibiting such a promotion. This was under consideration by the Home Office at the end of the year.

The Monetary Limits

99. Many societies did not take advantage of the increases in the maximum value of tickets or chances to be sold under schemes registered with the Board, which came into operation on 1 May 1985. We thought this indicative of the difficulties many promoters faced in selling tickets despite the increases in maximum prize limits. Table 3 below shows the continuing decline in the level of ticket sales and numbers of lotteries promoted.

Lottery Statistics

100. The method of presenting the lottery statistics has been changed. This has followed a rationalisation of the Board's procedures for collecting the figures and will provide for the publication of statistics relating to the calendar year period covered by the Board's Annual Reports. Statistics published in previous years' Reports tended to give a somewhat misleading picture of the number of lotteries actually *promoted* (particularly Table 2); this was due to the, often considerable, delays in societies and local authorities submitting to the Board the lottery accounts which give a breakdown of the proceeds of each lottery. The tables below now reflect details of lottery accounts *received* by the Board in the calendar year. This will, we hope, ensure that more up-to-date and, for the purpose of year-on-year comparison, more helpful statistics are provided.

101. Tables 1 and 2 show details of accounts received in 1985 and 1986 for lotteries promoted in Great Britain under schemes registered with the Board. The tables show the number of lotteries promoted, the total amount of money received from ticket sales, the amounts appropriated for expenses and prizes, and the balance that went to the cause concerned. The average proceeds for lotteries promoted in the 12 months to 31 December 1986 was £12,854 compared with £11,525 for the comparable period in 1985.

102. Table 2 shows that the expenditure incurred in the promotion of local authority lotteries in Scotland exceeded the maximum permitted level of 25 per cent of the total proceeds. This excess arose in one local authority who were unable to sell the expected numbers of tickets and who have now ceased to promote lotteries.

103. Table 3 shows a comparison of the total ticket sales on returns received from 1 January 1982 to 31 December 1986 for lotteries promoted in Great Britain under schemes registered with the Board.

Table 1 Details of accounts received in 1985 for lotteries promoted in England and Wales, and Scotland under schemes registered with the Board Society Lotteries

	Number of Lotteries	Total Ticket Sales			Expenses		Prizes		Balance	
		£	£	%	£	%	£	%	£	%
England and Wales	1,250	17,103,081	3,264,461	19.09	5,793,629	33.87	8,044,991	47.04		
Scotland	324	3,510,097	705,327	20.09	1,273,464	36.28	1,531,306	43.63		
Total	1,574	20,613,178	3,969,788	19.26	7,067,093	34.28	9,576,297	46.46		

Local Authority Lotteries

	Number of Lotteries	Total Ticket Sales			Expenses		Prizes		Balance	
		£	£	%	£	%	£	%	£	%
England and Wales	588	4,317,546	1,031,732	23.90	1,825,259	42.27	1,460,555	33.83		
Scotland	10	103,613	22,204	21.43	39,321	37.95	42,088	40.62		
Total	598	4,421,159	1,053,936	23.84	1,864,580	42.17	1,502,643	33.99		
Total all Lotteries	2,172	25,034,337	5,023,724	20.07	8,931,673	35.68	11,078,940	44.25		

Table 2 Details of accounts received in 1986 for lotteries promoted in England and Wales, and Scotland under schemes registered with the Board Society Lotteries

	Number of Lotteries	Total Ticket Sales			Expenses		Prizes		Balance	
		£	£	%	£	%	£	%	£	%
England and Wales	932	15,098,872	2,852,011	18.89	4,876,045	32.29	7,370,816	48.82		
Scotland	291	3,073,287	630,967	20.53	1,092,054	35.53	1,350,266	43.94		
Total	1,223	18,172,159	3,482,978	19.17	5,968,099	32.84	8,721,082	47.99		

Local Authority Lotteries

	Number of Lotteries	Total Ticket Sales			Expenses		Prizes		Balance	
		£	£	%	£	%	£	%	£	%
England and Wales	480	3,734,987	927,458	24.83	1,607,860	43.05	1,199,669	32.12		
Scotland	2	9,030	2,492	27.60	3,893	43.11	2,645	29.29		
Total	482	3,744,017	929,950	24.84	1,611,753	43.05	1,202,314	32.11		
Total all Lotteries	1,705	21,916,176	4,412,928	20.13	7,579,852	34.59	9,923,396	45.28		

Table 3 Total ticket sales and numbers of lotteries shown on accounts received between 1 January 1982 and 31 December 1986

Society Lotteries

	1.1.82 to 31.12.82		1.1.83 to 31.12.83		1.1.84 to 31.12.84		1.1.85 to 31.12.85		1.1.86 to 31.12.86	
	Total Ticket Sales	No of Lotteries	Total Ticket Sales	No of Lotteries	Total Ticket Sales	No of Lotteries	Total Ticket Sales	No of Lotteries	Total Ticket Sales	No of Lotteries
	£m		£m		£m		£m		£m	
England and Wales	38.45	4,041	30.74	2,826	25.43	2,109	17.10	1,250	15.10	932
Scotland	6.47	689	5.62	627	4.08	482	3.51	324	3.07	291
Total	44.92	4,730	36.36	3,453	29.51	2,591	20.61	1,574	18.17	1,223

Local Authority Lotteries

	1.1.82 to 31.12.82		1.1.83 to 31.12.83		1.1.84 to 31.12.84		1.1.85 to 31.12.85		1.1.86 to 31.12.86	
	Total Ticket Sales	No of Lotteries	Total Ticket Sales	No of Lotteries	Total Ticket Sales	No of Lotteries	Total Ticket Sales	No of Lotteries	Total Ticket Sales	No of Lotteries
	£m		£m		£m		£m		£m	
England and Wales	7.35	1,158	6.12	867	4.95	683	4.32	588	3.73	480
Scotland	0.24	28	0.08	10	0.08	6	0.10	10	0.01	2
Total	7.59	1,186	6.20	877	5.03	689	4.42	598	3.74	482
Total all Lotteries	52.51	5,916	42.56	4,330	34.54	3,280	25.03	2,172	21.91	1,705

10 Inspectorate and Enforcement

104. Mr J A Peters, Deputy Chief Inspector, Mr G W Brough, Senior Inspector and Inspectors R Booth, H MacKenzie and J Underwood, all retired during the year. The Board wish to record their appreciation of the long and valued service of these officials. Mr W A Galston was appointed Deputy Chief Inspector.

105. It is with deep regret that we report the deaths in service of two of the Board's Inspectors during November; Norman Sawyer who had been with the Board since 1975 and Brian Tilley who had been with us since 1985. These officers gave valuable service and their sudden deaths were a cause of great sadness.

106. During the year 72 talks were given to police officers by members of the Inspectorate and, as in previous years, some specialised gaming courses were held at Manchester.

107. The Board's inspectors made 2,054 supervisory visits to casinos and 3,692 visits to licensed bingo clubs. They issued 9 formal warnings for infringements of the law. They also made 659 supervisory visits to certificated gaming machine suppliers. Assistance was given to the police when they initiated 52 prosecutions for gaming offences and gave 17 cautions. Inspectors were named in 17 warrants issued under section 43 of the Gaming Act 1968.

108. The South East Regional Inspectorate are now based at Berkshire House and this gives the opportunity to improve our training facilities at headquarters. New recruits will, wherever possible, now be trained in London. Negotiations were in progress at the end of the year to offer gaming courses to the Metropolitan Police and forces bordering the London area.

109. A re-organisation of regional boundaries took place during the year and the existing six regions were reduced to five. The regional office in Newcastle was closed, as was a small sub-office in Glasgow.

Casinos

110. Paragraph 123 of the 1985 report referred to the charges still to be heard against the directors and general manager of the Lyndhurst Club. These were heard at Knightsbridge Crown Court in July.

111. One director was found guilty of offences under section 12(2), section 14(4) and section 16(2) of the Gaming Act 1968 and was fined a total of £3,996 plus costs of £2,000, while another director was fined £210. The general manager was also found guilty of Gaming Act offences and fined £600.

112. In paragraph 124 of the 1985 report, reference was made to the warrant under the Gaming Act 1968 executed on the Wedgewood Club, Leicester. The licence for these premises was not renewed.

113. On 10 October, police officers accompanied by a number of the Board's inspectors executed a warrant under the Gaming Act 1968 on the Regency Casino, Walsall. The Walsall Gaming Licensing Committee heard proceedings

against the licence on 4 December. The licence was cancelled and the premises disqualified for one year.

114. There continued to be cases of staff, sometimes in collusion with players, stealing cash or gaming chips from their employers. A number of people were awaiting trial at the end of the year.

Bingo

115. The introduction of the National Bingo Game resulted in an increased workload for some of the Board's inspectors. A formal inspection programme had to be devised and inspection of ticket sales and prize money distribution now take place on a regular basis. Most of the original problems encountered have now been eradicated. However, we note with some concern that a number of licensees have failed to comply with the National Game management rules, in accordance with which the game is conducted. The standard of compliance continues to be a matter for discussion between the Board and the National Bingo Game Association. These rules, which are subject to the Board's agreement, were introduced to ensure the proper conduct of the game and to minimise the risk of possible fraud and the Board would wish licensees taking part to adhere to them at all times. The programme of inspection will be revised to meet any changes in the position as seen by the Board.

116. There have been a number of cases where staff in licensed bingo clubs were charged with theft from their employers. In one such case the sum involved was £4,812.

Gaming Machines

117. More cases came to notice of machines being supplied by unauthorised persons and in one case of unlawful supply the fines imposed were in excess of £8,000.

Lotteries

118. During the course of the year, the Inspectorate began a programme of inspections of lotteries registered with the Board. By the end of the year 2 had been completed.

Appendix I

Remuneration and Expenses of the Board

At the end of the year, the Board consisted of a part-time Chairman and four part-time Members. From 1 July, the annual remuneration of the Chairman was £21,630 and that of each of the Members £8,670.

On 31 December, the Board had 73 employees.

Expenses incurred during the financial year ending 31 March 1986 amounted to £168,358-£3,803.42 was attributable to Board Members and £164,554.58 to the staff.

Appendix II

LIST OF AREAS IN WHICH THE LICENSING OF CLUBS
FOR GAMING OTHER THAN BINGO IS PERMITTED
SHOWING THE NUMBER OF LICENSED CLUBS OPERATING
ON 1 JANUARY 1986 AND 31 DECEMBER 1986

ENGLAND

	1 January 1986	31 December 1986
London	20	20
That area which is within the area specified in the Licensing (Metropolitan Special Hours Area) Order 1961—plus the City of Westmin- ster and the Royal Borough of Kensington and Chelsea.		

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

	1 January 1986	31 December 1986
Birkenhead	1	1
Birmingham	5	5
Blackpool	2	2
Bolton	2	2
Bournemouth	4	4
Bradford	2	2
Brighton	2	2
Bristol	3	3
Coventry	2	3
Derby	2	2
Dudley	1	1
Great Yarmouth	2	2
Hove	1	1
Huddersfield	1	1
Kingston upon Hull	1	1
Leeds	4	4
Leicester	3	2
Liverpool	3	3
Luton	2	2
Lytham St Annes	—	—
Manchester	5	5
Margate	2	2
Newcastle upon Tyne	3	3
Northampton	1	1
Nottingham	2	2
Plymouth	2	2
Portsmouth	2	2
Ramsgate	1	1

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

	1 January 1986	31 December 1986
Reading	2	2
Ryde	—	—
Salford	1	1
Sandown/Shanklin	1	1
Scarborough	1	1
Sheffield	3	3
Southampton	2	2
Southend-on-Sea	2	2
Southport	1	1
Stockport	1	—
Stoke-on-Trent	1	1
Sunderland	1	1
Teesside	1	1
Torbay	1	1
Walsall	1	—
Warley	—	—
West Bromwich	—	—
Wolverhampton	1	1

WALES

THE AREAS OF THE FORMER COUNTY BOROUGH AND DISTRICTS OF:-

	1 January 1986	31 December 1986
Cardiff	2	2
Swansea	2	2

SCOTLAND

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

	1 January 1986	31 December 1986
Aberdeen	2	2
Dundee	1	1
Edinburgh	3	4
Glasgow	4	4
	115	114

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