



Regal Gaming

Guidance

Gaming Machines in Alcohol Licensed Premises

Regal Amusement Machines Sales Ltd (t/a Regal Gaming Technologies) (“Regal”) is licensed by the UK Gambling Commission and holds an operating licence permitting manufacture, supply, install, adapt, maintain, or repair gaming machines both on-site and remotely.

Although Regal does not have a direct relationship with the public who use its machines, Regal is aware of its role in the promotion of the licensing objectives and responsible gambling.

Regal has put together this guidance to assist you as an operator to comply with the relevant legislation in place to enable gaming machines in alcohol premises.

All operators that offer gaming machines must comply with the objectives of the Gambling Act 2005 which are: -

1. Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
2. Ensuring gambling is conducted in a fair and open way
3. Protecting children and other vulnerable persons from being harmed or exploited by gambling.

What are my entitlements?

Qualifying alcohol licensed premises are entitled to provide two gaming machines Category C or D after notifying your local authority. This is known as Automatic Entitlement. Category C machines are often called fruit machines one-armed bandits or AWP (amusement with prize machines). Most pubs have category C machines in place.

Alcohol premises **with an ‘on’ licence** issued under either the Licensing Act 2003 or the Licensing (Scotland) Act 2005 are automatically entitled to make two gaming machines of either category C or D, available for use, provided that the relevant Licensing Authority or Board is notified.

If an application is required, the Local Authority will consider the application and issue a permit. The permit authorises the total number of machines allowed and is not in addition to the automatic entitlement. You can only site category C or D gaming machines. Any change in the category of machines sited must be notified to the local authority.

Premises can provide gaming machines if they have a bar at which alcohol is served so long as any sale of alcohol is not restricted to consumption only with food.

Gaming Machines can be operated at any time when alcohol may be supplied in reliance on the premises licence and therefore **gaming machines must be switched off** if premises operate under a limited permission such as Temporary Event Notice.

If more than two machines are required on site a number of permissions are available:

- I. Licensed Premises Gaming Machine Permit (LPGMP) – Allows a specified number of category C and/or D gaming machines.

The following types of permission do not require the area to be covered by an alcohol premises licence and are not subject to the restrictions detailed above:

- II. Unlicensed Family Entertainment Centre Gaming Machine Permit. – Allows an unlimited number of category D machines in an area of the premises wholly or mainly used to operate machines, such as a family arcade.
- III. Commercial and non-commercial Members' Clubs may hold either a Club Gaming Permit or a Club Machine permit, which permit 3 gaming machines of either category B4, C or D. Non-commercial clubs may provide a single category B3A machine as one of its machines under a Club Gaming Permit.
- IV. Family Entertainment Centre Premises Licence – Allows an unlimited number of category C and D gaming machines to be provided within a designated licensed area.
- V. Adult Gaming Centre Premises Licence – Allows an unlimited number of category C and D gaming machines along with a limited number of category B3 / B4 gaming machines within a designated licensed area. The number of B3 / B4 machines must not exceed more than 20% of the total number of machines that are made available on site.

Location of Gaming Machines

It is the responsibility of the Designated Premises Supervisor (DPS) to ensure that all gaming machines situated on the premises are located in a place within the premises so that their use can be supervised, either by staff whose duties include such supervision (including bar or floor staff) or by other means such as monitored CCTV, in order to prevent under-age access to age-restricted machines.

Machines operated under a notification or LPGMP can be situated anywhere within the alcohol licensed premises including:

- Entrances and exits to the premises; next to the bar; or near to the toilets.

Gaming machines must be located so that someone who wishes to take cash from an ATM must stop gambling to do so, or in other words you should not put a cash machine next to a gaming machine.

Are There Any Conditions or Rules to Follow?

- Category B and C machines must only be used by players over the age of 18.
- Gaming machines must be appropriately labelled and display the information listed below, either by way of labelling or contained with the help screens of digital machines:
 - Machine Category (C or D)
 - Age restriction (category C and above)
 - Return to player percentage
 - 'No under 18' sign (Cat C only)

- ID plate –serial Number (all machines manufactured after 2007)
- Manufacturer/supplier details
- Stake to play and maximum pay-out prize
- Signposting for gambling support services (BeGamble Aware, GamCare)
- Supplier details (Not a requirement but are usually displayed)
- Category labels/ ID plates should be easily visible and located to the front or side of any gaming machine.

Appropriately licensed machine suppliers should ensure that all machines are compliant with the above requirements, and you can check their licence details with the Gambling Commission.

Permit holders should have regard to the Gambling Commission’s **“Code of Practice for Gaming Machines in Clubs and Premises with an Alcohol Licence.”** Compliance with the Code is the responsibility of the Designated Premises Supervisor or Premises Manager (Scotland).

The Code confirms that the following are **conditions** of a permit, and failure to comply could result in revocation of the permit:

- The gaming machines must be situated on the premises so that their use can be supervised, either by staff whose duties include such supervision or by other means.
- Permit holders must have in place arrangements for such supervision.
- Gaming machines situated on the premises shall be located in a place that requires a customer who wishes to use any ATM made available on the premises to cease gambling at the gaming machines in order to do so.

The Code also provides guidance on preventing access by children and young persons and complaint and dispute procedures.

Gaming machines must be manufactured, supplied, installed, maintained, and repaired by a person or company who hold the relevant authorisation, such as an operating licence issued by the Gambling Commission.

Change of licence holder or DPS

If the licence holder ceases as the holder of a relevant alcohol licence the right to Automatic Entitlement ceases. A re-notification is required with any transfer of the licence. This does not apply if there is simply a change to the Designated Premises Supervisor (DPS) or the Designated Premises Manager (DPM). If there is a change of licence holder you must apply to transfer any gaming machine permit as well. A local authority can remove any automatic entitlement if it has concerns about the suitability of the premises or licence holder.

How to stay within the law

- All machines must be sourced and maintained by a Gambling Commission licensed supplier.
- If you are approached to site a gaming machine obtain the machine suppliers full details and their operating licence number.
- Maintenance and repairs can only be carried out by licenced suppliers

- You can contact the Gambling Commission or visit the Register of licence holders to check on licensed machine suppliers. The Register is available to view on the Gambling Commission website
- Machines supplied by an unlicensed supplier or in excess of your entitlement can affect your alcohol licence and lead to prosecution.
- It is an offence to make gaming machines available to the public without a licence

What happens if a pub breaks the rules?

A Gambling Commission enforcement officer, police constable or local authority officer may visit the premises to check whether any gaming, including the operation of machines, is being provided and monitored in line with the legal requirements mentioned above. Any failure to ensure that machines are correctly operated could result in enforcement action including:

- Removal of your gaming permissions.
- Criminal prosecution under the Gambling Act 2005
- Identification of a failure to promote the licensing objectives under the Licensing Act 2003, in particular the prevention of crime and disorder and/or protection of children from harm, which could result in a review of your alcohol licence by the Licensing Authority.

Machine Games Duty / VAT on machine income

Machine Games Duty (MGD) is the taxation system for gaming and SWP machines.

For pubs MGD will apply to Category C and Category D machines (also known as fruit machines / AWP) and skill with prize machines (SWPs and quiz machines)

MGD on Category C machines is charged at 20% (Applies to cash and cash equivalents such as tickets or vouchers). MGD on Category D machines is charged at 5% (Applies to cash and cash equivalents such as tickets or vouchers).

MGD is not payable on Category D machines such as crane grabbers that pay out prizes, the takings are instead liable to VAT.

In managed pubs it is the operating company who must register for MGD. In leased pubs or freehouses it is the responsibility of the lessee/ tenant or freeholder. You need to register for MGD with HMRC and they will supply you with a PIN / activation code if you are filing online and a Machine Games Duty Registration Certificate.

Machine suppliers can explain how to register and are likely to ask to see your MGD registration confirmation or will check the HMRC on-line register before supplying you with machines.

You can authorise a MGD Agent to register and complete your returns on your behalf however you remain responsible for the tax liability, and you need authorisation from HMRC for an Agent to act on your behalf; this is dealt with during the registration process

Social Responsibility

Gaming machine suppliers take the gambling licensing objectives very seriously and have a duty to help:

As the licensee or pub manager, you should:

- Display a sample of stay-in-control leaflets and posters which are available from GamCare
- Be aware of the code of practice for gaming machines in premises with an alcohol licence is available on the gambling commission website
- Keep crime out of gambling
- Protect children and other vulnerable persons from harm
- Ensure gambling is fair and open
- Ensure gaming machines are located in a place in the premises where they can be monitored by bar and floor staff. Monitoring may also take place by use of CCTV.
- Ensure that under 18s do not play Category C machines.
- Check the age of those who appear underage in the same way as persons attempting to purchase alcohol
- Consider raising awareness by using Challenge 25 around machines in the same way you may use for purchase of alcohol
- Only accept ID which contains a photograph (driving licence, passport, National ID card, UK military ID, Proof of age card & approved age identity apps
- If a child or young person attempts to gamble on a Cat C machine, ask them to stop. If they fail to comply consider reporting this to the local authority or Police
- Keep records around activity or challenges in this area
- Consider your own age verification testing regime
- Local authorities are carrying out age verification testing at pubs around the country. Failures are likely to lead to enforcement action
- Machines should not be positioned near to any ATM or cash machine
- Be aware of a significant increase in customer spending or behaviour which may indicate an issue with problem gambling

Crime

Theft and fraud from machines Individuals and criminal gangs attack gaming machines in pubs and other gambling environments. The electronic or the mechanical element of the machine can be attacked in a number of ways

- Strimming. Machine manipulation which provides payment through giving credits.
- Defraud any machine using a wire or other device
- Attacking the coin mechanism or note acceptor.
- Forcing locks or other mechanisms.
- Using duplicate keys.
- Inserting foreign coins and counterfeit or dyed notes.

Money laundering

On occasion, customers gamble money that may have been obtained unlawfully.

- Money laundering indicators can include unknown large staking players and on occasions a significant increase in customer spends.
- A customer may be in possession of dyed notes or counterfeit currency.

Preventative measures: What can I do?

- Train your staff to be vigilant around your machines.
- Pay particular attention to groups of people acting suspiciously. They may conceal tools on their person or pass tools between themselves.
- Site machines near bar area within view of staff.
- Have effective CCTV.
- Consider joining Pub watch or similar schemes to share good practice.
- Check the identity of persons removing machines for servicing or contractual purposes. This prevents incidents of theft by unauthorised persons.

Complaints and Disputes

It is good practice for any premises with a permit or automatic entitlement to have a written procedure for handling customer complaints and disputes regarding the use of gaming machines. Customers involved in any dispute should be provided with the following:

- If the dispute is not resolved a customer may take legal action in the small claims court. You may wish to use an ADR entity (Alternative Dispute Resolution) which is likely to avoid the court process and provide mediation and adjudication. The Bacta ADR service is available for any licensee to join. Full details can be found at bactaadrservice.org.uk

Contacts

- National Gambling Helpline Freephone 0808 8020 133 8 am-midnight 7 days a week
- GambleAware www.begambleaware.org
- MGD Information www.gov.uk/machine-game-duty
- HMRC MGD registration
online.hmrc.gov.uk/registration/newbusiness/mgd/introduction Tel : 0300 200 3701
- Bacta ADR Service bactaadrservice.org.uk Tel : 0207 7306 444