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Dame Caroline Dinenage MP
Chair of the Culture, Media and Sport Select
Committee
House of Commons
London
SW1A 0AA

15 May 2024

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Dear Dame Caroline,

Measures relating to the land-based gambling sector

Tomorrow, the Government will publish its response to its consultation on measures relating to the land-based gambling sector. This represents another significant step towards implementation of proposals of the April 2023 Gambling Act Review white paper. I know the Committee has a strong interest in gambling regulation, and I wanted to write to you to set out the policies we intend to implement for the land-based sector.

The consultation ran from 26 July to 4 October 2023 and invited views on a range of proposals relating to casinos, arcades and bingo halls. We consulted on the details of proposals which are necessary to modernise the outdated and overly restrictive regulations that apply to the land-based gambling sector, alongside provisions to protect young people and children and increasing the fees that licensing authorities can charge. Following consultation, the Government will introduce the following measures:

Casinos

We will make a number of adjustments to relax the existing rules that apply to casinos. There are currently two types of casino licence - those originating from the Gaming Act 1968 and those created by the Gambling Act 2005. 1968 Act casinos are generally allowed only 20 gaming machines regardless of their size, compared to up to 80 for Small and 150 for Large 2005 Act casinos. Following consultation, we will bring the regimes closer together so that 1968 Act casinos can offer more machines to meet customer demand where it is proportionate to their size and non-gambling space. We are also extending the ability to offer betting as a product in casinos, which will bring Britain's casino product offering more in line with international jurisdictions. These measures, as well as harmonising the two existing licensing regimes, relax the existing rules on the number of machines allowed in casinos. This is in line with the Committee's conclusion that the accessibility of online gambling has reduced the relevance of supply-level restrictions on the land-based sector.



Machine allowance in arcades and bingo halls

We will adjust machine allowances for arcades and bingo halls to allow greater flexibility over their gaming machine offer. Currently, no more than 20% of gaming machines in adult gaming centres and bingo premises can be Category B machines (with a £2 maximum stake), with the others required to be lower stake (Category C or D machines). The Gambling Act Review concluded that this rule is no longer required to offer customer protections, unnecessarily restricts operators and can lead to a number of machines being placed in venues that are not used by customers. Therefore, 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 to the three different types of device on which gaming machines content is currently offered in arcades and bingo halls, namely large cabinets (such as traditional fruit machines), smaller cabinets placed in between larger machines (in-fills) and tablets.

Cashless payments on gaming machines

We will remove the prohibition on direct debit card payments on gaming machines, alongside the introduction of appropriate player protections. The prohibition on the direct use of debit cards on gaming machines was intended to protect players. However, the use of non-cash payments has increased greatly across society since these rules were put in place and some sectors, particularly machines in pubs, are seeing business disappear because customers do not carry cash. We will help future-proof the industry by removing this prohibition, subject to appropriate player protections being put in place. We agree with the Committee's recommendation that cashless payments for gaming machines should be implemented in a way that ensures they are subject to an equivalent level of friction to cash payments. As set out in the response, we will only remove the prohibition on debit card payments once the Gambling Commission has consulted on and introduced appropriate safeguards and frictions on these types of payments through changes to its Gaming Machine Technical Standards. These protection measures may include minimum transaction times, cardholder verification, transaction limits, breaks in play and staff alerts when mandatory and voluntary limits are reached.

Age limits for certain gaming machines

We will introduce an age limit for certain Category D gaming machines. Category D machines are low-stake games that can be played by anyone regardless of age. The Gambling Act Review concluded machines which mirror adult slot machines and pay out cash should be made unavailable to children. These are also known as 'cash-out' slot-style Category D machines. Therefore, we will make it a criminal offence to invite, cause, or permit anyone under the age of 18 to play these particular types of machines.

Licensing authority fees

We will increase the maximum cap on the premises fees that can be charged by a licensing authority. Licensing authorities (local authorities in England and Wales, licensing boards in Scotland) play an important role in regulating gambling through licensing premises and enforcing licence conditions. The cap for their licensing fees has not been updated since 2007, while the costs associated with licensing have increased. We will therefore increase the maximum cap that licensing authorities can charge by 15%. The gambling fees payable in Scotland will continue to be set by Scottish Ministers. Increasing the maximum cap will help to ensure that local authorities have the resources they need to regulate gambling in their communities. We also remain committed to implementing the proposal to allow local authorities to use cumulative impact assessments (CIAs) in handling gambling premise licence applications, when parliamentary time allows.

Together we believe these measures will support the land-based gambling sector and modernise the current outdated restrictions, as well as helping to protect young people and support licensing authorities. These measures also complement the other changes that we are progressing relating to gambling regulation, including the introduction of a stake limit for online slots and a statutory levy to fund research, prevention and treatment. As outlined in the gambling white paper, we are making sure that we have the right balance between consumer freedoms and choice on the one hand, and protection from harm on the other.

Gambling policy is devolved in Northern Ireland but substantially reserved as regards Scotland and Wales. In some cases, the power to deregulate (e.g. to increase the number of gaming machines a casino may make available) is reserved, but the power to put appropriate protections in place to support that deregulation is devolved in Scotland. Where this is the case, our deregulation will extend only to England and Wales unless and until appropriate protections are in place in Scotland. It will be for Scottish Ministers to decide how to exercise the powers conferred on them by the Gambling Act 2005.

We will lay the necessary legislation to implement these measures in due course.

A handwritten signature in black ink, appearing to read 'Stuart Andrew', with a large, stylized initial 'S' and a long horizontal flourish extending to the right.

Rt Hon Stuart Andrew MP
Minister for Sport, Gambling and Civil Society