



# Woods Whur Gambling Seminar

Monday 6 June 2016





# Changing Times

Andrew Woods



# Changing Times

- 2015 was a significant year for enforcement and compliance.
- New approach from the Gambling Commission and local authorities.
- Significant change to the early years of the Gambling Act 2005.
- Focus on anti-money laundering and social responsibility controls.

# Changing Times

- Should we be surprised? This is nothing new.
- Public statements 30 September 2013, 28 October 2013 and 25 June 2014.
- Further public statements on 7 September 2015, 15 December 2015, February 2016 and April 2016.
- All relate to major operators in a heavily regulated industry.

# Changing Times

- Local authorities test purchasing programme in 2015 resulted in several prosecutions.
- A number of reviews undertaken by the Gambling Commission relating to a wide range of compliance matters.
- Underage persons allowed to play Category B3 machines, failure to submit a security audit and to ensure that holders of PMLs occupied specific management offices, ineffective age verification controls, breaches of licence conditions, ineffective money laundering policies.
- 24 examples of non-compliance.

# Changing Times

- How would the industry have assessed itself in terms of compliance in 2011?
- Would the industry be surprised about the numerous public statements?
- What should the industry's response be?



# Changing Times

- Having standard policies and procedures which may have been operating for many years is no longer enough.
- The policies and procedures must be specific to the business and must be effective.
- There is no point having a policy if the staff do not understand it.
- There is no point having a policy if it doesn't achieve what it sets out to achieve.

# Changing Times

- There has to be a new and uniform approach to policies and procedures promoting the licensing objectives.
- The industry must work together in achieving best practice.
- The industry should proactively work with the regulator in achieving best practice.



# Changing Times

- Where will the Gambling Commission's focus move in 2016?
- More detailed AML inspections at provincial casinos / betting offices.
- New AML guidance notes and ML regulations.
- The 4<sup>th</sup> money laundering directive.
- Judge Levenson in the Greene King case:

“The Commission has an integral role as the national body with oversight over gambling policy and regulation...it acts as a gatekeeper by issuing operating and personal licences, it provides guidance to local authorities and advice to Government and it's first duty is to have regard to the licensing objectives...the Commission has the function of setting policy at a national level and where innovative applications are made it cannot be unlawful for the national regulator to express a view as to the wider issues of principle”.

# Changing Times

- Section 153 GA2005 “aim to permit”.
- In accordance with any relevant Code of Practice.
- In accordance with any relevant GC Guidance.
- Reasonably consistent with the licensing objectives.
- In accordance with the Local Authority Policy.



# Update on Current Developments

Anna Mathias



# Update on Current Developments

- GC 5<sup>th</sup> Edition Guidance to Licensing Authorities 2015.
- 4<sup>th</sup> ML Directive and GC recent review on measures relating to the prevention of crime associated with gambling.
- November 2015 GC consultation on the control of where gaming machines can be played.
- GC change of position on Primary Gambling Activity.
- Amendment/update on Social Responsibility Provisions.

# Update on Current Developments

- **GC 5<sup>th</sup> Guidance to Licensing Authorities 2015.**
- Published September 2015, replaces previous edition September 2012.
- Emphasis: “partnership working” to mitigate risks to licensing objectives.
- Respective roles of GC and Licensing Authorities clarified further in Greene King case.
- More power to Licensing Authorities in understanding what they can achieve under GA 2005.
- Case law, case studies, templates and guides, sample conditions.
- Local risk assessments and local area profiles.



# Update on Current Developments

- Local risk assessments must be covered in Licensing Authority's Statement of Licensing Principles.
- SLP "forms Licensing Authority's mandate for managing local gambling provision, sets out its views on local risk and its expectations in relation to operators".
- Local Risk Assessment compulsory for all premises licensees, upon application for new licence or variation, significant changes in local circumstances or changes at the premises.
- Requirement to share Local Risk Assessment is best practice (Ordinary Code provision) upon new application or variation or request of Licensing Authority.



# Update on Current Developments

- Local Area Profile not mandatory - for each Licensing Authority to decide if useful - GC considers it brings “significant benefits”.
- No prescriptive template but should take into account data held by Licensing Authority and partners.
- The aims of the Local Area Profile - increase awareness, improve information sharing, facilitate engagement and provide co-ordinated response to risk.
- How does the GC expect Local Area Profiles to be used?

# Update on Current Developments

- **The 4<sup>th</sup> ML Directive and GC review of measures related to prevention of crime associated with gambling.**
- The Directive - key changes and implementation date.
- The GC September 2015 consultation paper – the main proposals.
- Some areas of concern raised in the consultation responses.
- How does the GC's review sit with the Directive, and the Government's Action Plan and UK National Risk Assessment of money laundering and terrorist financing?

# Update on Current Developments

- The new and amended LCCP resulting from the review.
- A “proactive and tailored approach...to achieve meaningful results rather than focussing on processes alone”.
- Payment - cash and cash equivalents, payment methods and services - policies and procedures, implementation and review.
- A “principal requirement” - operators’ assessment and management of the risks of their business being used for money laundering and terrorist financing.
- New key events and reporting requirements.
- Implementation, new Guidance and further consultation.

# Update on Current Developments

- **November 2015 GC consultation about where gaming machines can be played.**
- A “policy priority” for the GC - the underlying policy objectives.
- Numbers and categories of machines by premises type – a “graduated regulatory framework.”
- Distinguishing between premises - appearance, function and ancillary activities.
- The gambling environment, fairness and openness and protecting children and the vulnerable from harm.
- New Social Responsibility Code provisions - providing gaming machines “in combination with the named non-remote activity”.
- Supervision and use made of gambling facilities.

# Update on Current Developments

- **GC change of position on Primary Gambling Activity.**
- The GC's previous stance-non-remote gambling activity must be "primary."
- The judgment of the First Tier Tribunal in *Luxury Leisure – v -GC*, 2014.
- Licence Condition 16 "Does not require a contest between betting and...FOBTs".
- However, it is not *ultra vires* - open to GC to "regulate the atmosphere in which machines may be used", not merely a matter for Licensing Authorities.
- Translation of the judgment in to the November 2015 consultation.



# Update on Current Developments

- **Amendment / update on Social Responsibility Provisions.**
- An ongoing process - review launched August 2014.
- Raft of provisions in force since 31 March 2015.
- Amendments to Remote Technical Standards in force since 31 October 2015 - auto-play, financial limits and reality checks.
- Latest changes in force since 6 April 2016 - non-remote multi-operator self-exclusion schemes and local risk assessments.
- A change still to come - remote multi-operator self-exclusion schemes.



# Past Present and the Future Gambling Regulation

Rob Burkitt - Gambling Commission

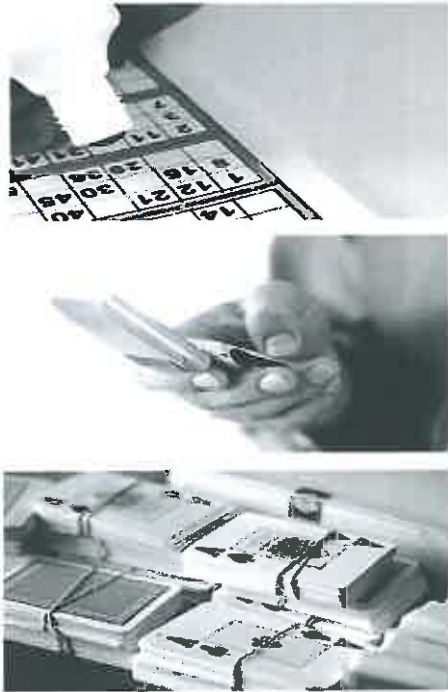


# GAMBLING COMMISSION

## Gambling regulation updates – Woods Whur Seminar

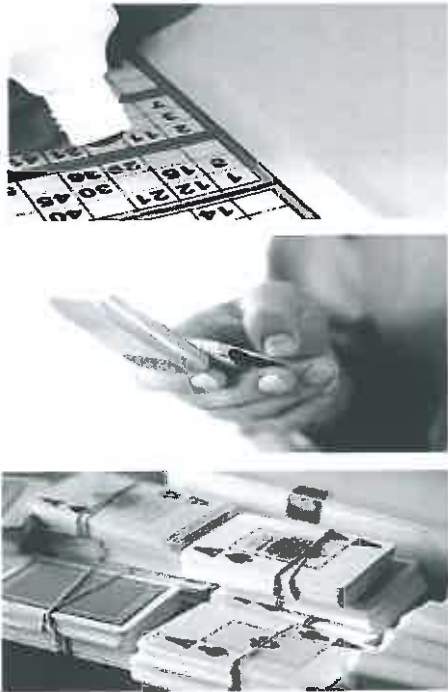
Rob Burkitt – GC lead Shared and  
Better Regulation

# Context



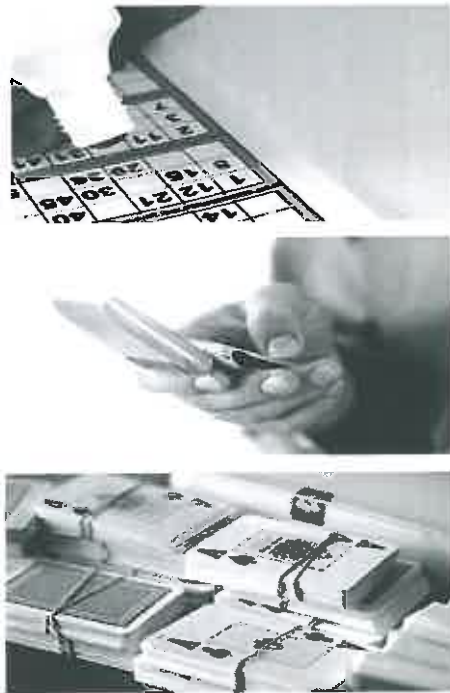
- S153
- Local decision making
- Partnership as co-regulators
- Overlapping but distinct

# Achievements



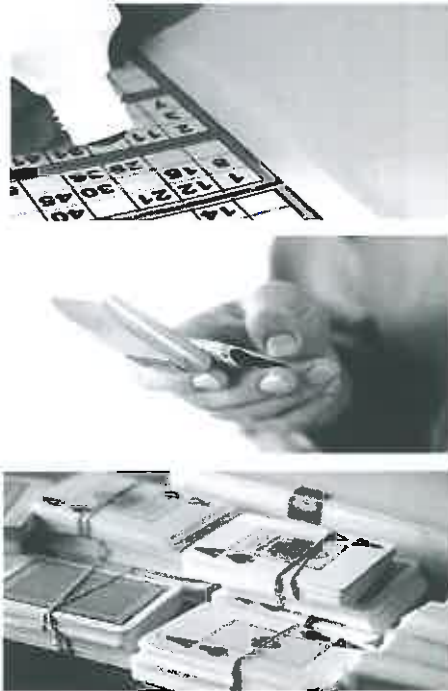
- Illegal casinos
- Illegal machines and betting
- Inspection templates
- Bulletin, quick guides etc.

# Achievements



- Compliance events system
- Primary authority schemes
- Training delivery – eg Westminster/machines
- Good practice/case studies

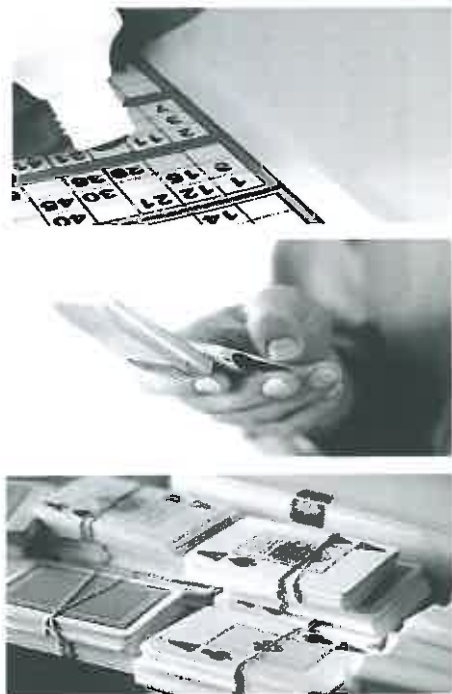
# Progress



- Understanding vulnerability
- Targeted and proportionate
- Improved dialogue and understanding of powers
- E learning modules

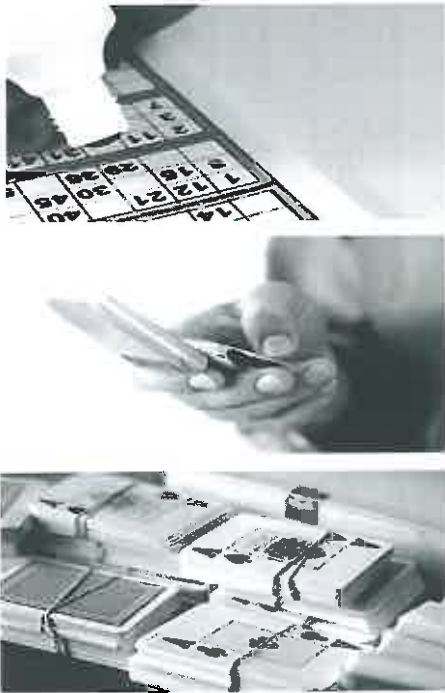


# Challenges



- Culture change
- Devolution and shared services
- Wider engagement – police public health

# Challenges



- Intelligence sharing
- Inspection regimes
- Skills and experience
- Focus of public contestation

# Westminster Licensing Authority

Kerry Simpkin - Westminster City Council



Westminster City Council

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westminster.gov.uk

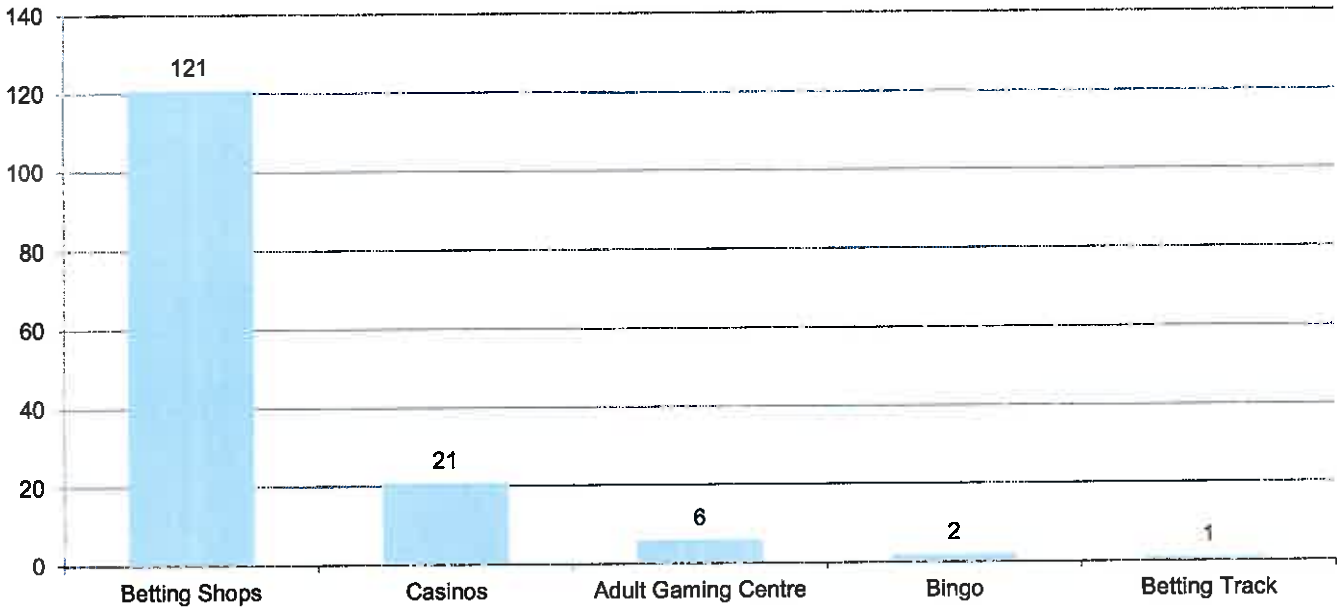


City of Westminster

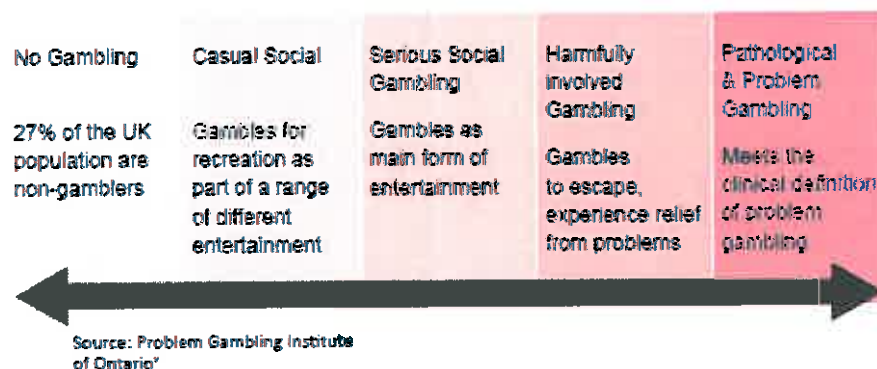
# Westminster City Council – Gambling Update

Mr Kerry Simpkin, Licensing Team Manager  
Public Protection and Licensing

## Licensed Gambling Premises within Westminster



## Aims



- City For All (year 2) priority
- Vibrant and prosperous gambling sector
- local area and the local people
- Differing levels of protection and support for at risk gamblers
- Understanding gambling related harm to individuals, groups and communities and how to actively reduce risk.
- Localised support and education



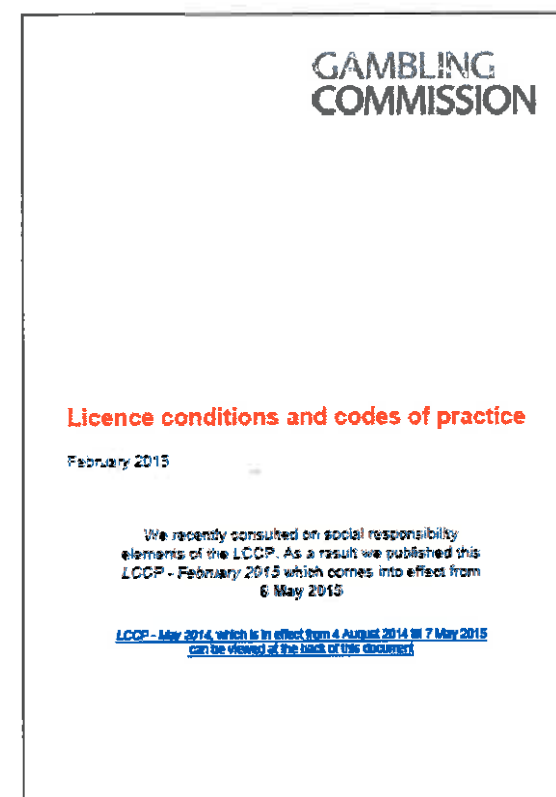
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## Statement of Licensing Principles for Gambling

- Developed from the LACORS template from 2004
- Generic policies applying to all categories of gambling premises
- Incremental amendments over time
- Needs to clearly set out the Council's position in relation to gambling
- Aim to permit principle is subject to the Council's Statement

## Drivers for change

- Better understanding of gambling operations
- LA's developing approach under the Gambling Act 2005 over 9 years
- Gambling Commission LCCP – Risk Assessments
- Gambling Commissions 5<sup>th</sup> Edition of its Guidance to Licensing Authorities
- Geofutures Area Based Vulnerability Research



## Proposed Statement of Principles Structure

- Complete re-write of Statement
- Move away from generic to sector specific policies
- The new Statement will be formed of 16 parts:
  - Parts 1 to 3 - LA functions, Responsible Authorities and Interested parties; and Licensing Objectives.
  - Part 4 - Local Area Profile
  - Parts 5 to 10 – Casino, Bingo, Betting (Tracks), Betting (Other), AGC's and FEC's.
  - Part 11 – Reviews of Premises Licences
  - Parts 12 to 14 – Notifications and Permits, TUN's and OUN's and Lotteries
  - Parts 15 and 16 – Other gambling exemptions and entitlements; and removal of gambling entitlements

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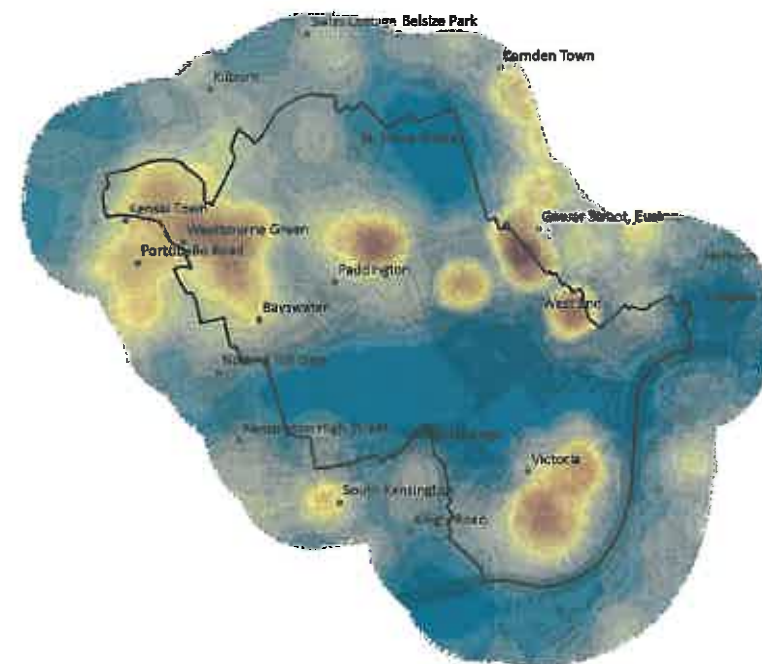
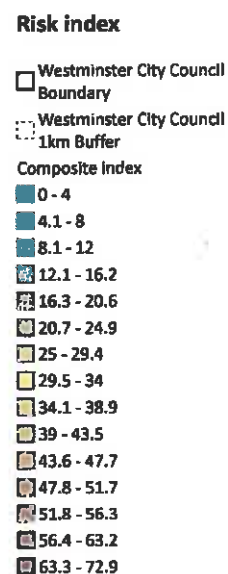
## Local Area Profile

What will it contain?

- Information on Westminster's Geographical area.
- Crime and Disorder (Westminster wide and gambling premises)
- Health Information
- Public Transport Information
- Children and Young People Locations
- Vulnerability
- Special Considerations Zones
- High Density Gambling Areas

## Special Consideration Areas

- Geofutures Report Findings on vulnerability
- 5 SCA's within Westminster
  1. North West/Harrow Road
  2. Paddington and the Edgware Road
  3. North West End and South Marylebone
  4. Dean Street (Soho)/ West End
  5. Pimlico



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## Special Consideration Areas

*We intend to set policies that relate to applications or existing premises that are located within a SCA.*

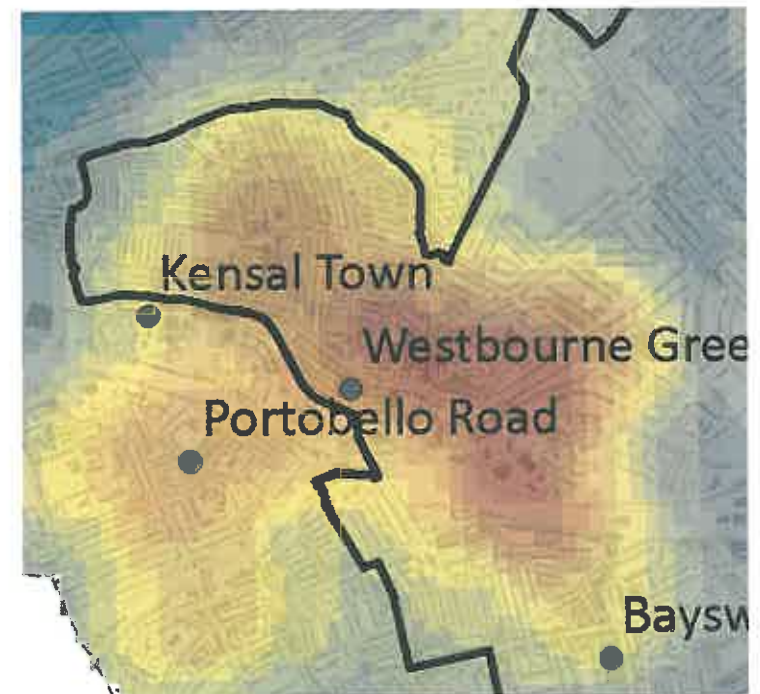
*These policies will require the applicant or licensee to:*

- a) consider the reasons why this area has been identified as a SCA and how their operation may impact one or more of the licensing objectives, and*
- b) Set out what mitigation is necessary to reduce the risk posed to the objectives in the SCA by their gambling operation.*

## How will this work in practice?

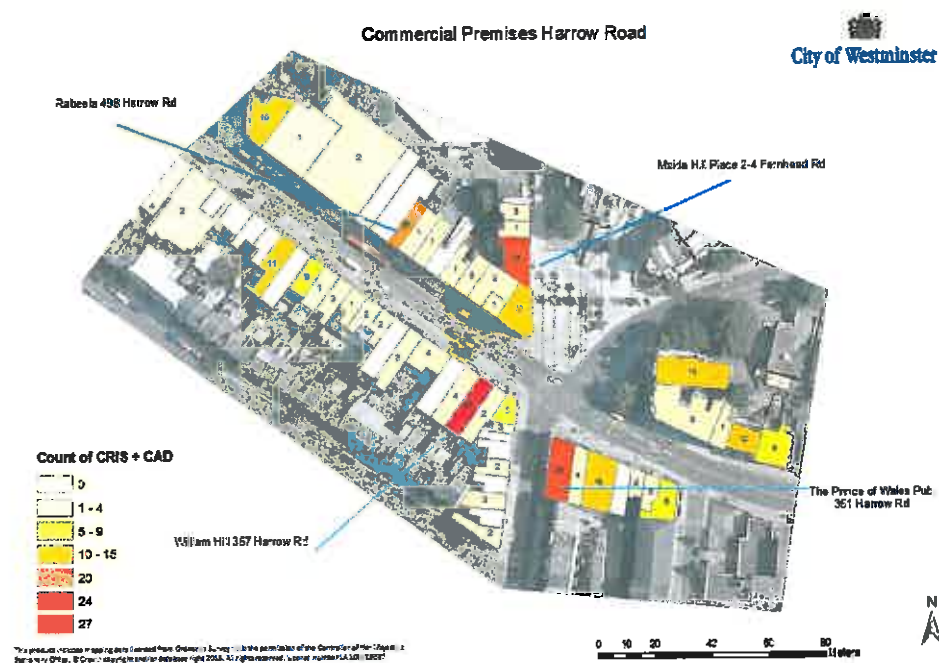
### The North West/Harrow Road – Case Study

- Highest level of risk identified with vulnerable groups resident in the area.
- High unemployment and large number of people from minority background.
- Greater number of young people than other areas of Westminster.
- High number of people resident who have mental health disorders.
- Three treatment and support centres for substance abuse/misuse.
- Higher level of supported housing in the area (12 premises)





## How will this work in practice?



## The North West/Harrow Road

Other considerations:

- Higher levels of crime
- Drug dealing and misuse
- Gang activity in area
- Issues with street drinking and anti-social behaviour
- Issues with street begging
- Homelessness

## How will a licensing policies help?

- The area will be classified as a Special Consideration Area.
- Specific policies for all gambling operators for the area
- Policies will have a higher level of consideration required.
- Local risk assessments must incorporate all Special Consideration Area risk factors.
- Requirement for specific control measures to deal with local risks.
- If operators do not consider the local risks the LA may consider imposition of conditions or refusal.



## What controls are or could be put in place?



### Examples controls:

- Staff training on local issues
- Higher levels of CCTV including external cameras
- Premises designed to reduce risk of outside drinking by customers
- Local multi-operators banning and self-exclusion scheme.
- Additional levels of staffing
- Support for local education on gambling addiction
- Security staff

## Westminster's Local Gambling Risk Assessment Guide

- LCCP Risk Assessment SR Code
- New documentation process
- Need for some guidance and structure
- Concern about multiple different risk assessments models
- Attempt to offer some consistency
- Developed with Coral



Guide to undertaking local gambling risk assessments

Gambling Act 2005

February 2016

## Pool of Model Conditions for Gambling



Mandatory, Default and Westminster's Pool of  
Model Conditions for Gambling Premises Licences  
Gambling Act 2005

1<sup>st</sup> Edition – July 2015

- Adopted the same approach we did for alcohol licensed premises
- Not standard conditions but a pool
- Used by operators, interested parties or responsible authorities.
- Annex to the Council's Statement of Principles for Gambling

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## How will this all work in practice?

- The Statement of Principles will be the main reference document for local policies and considerations
- Provide information to local gambling operators
- Policies will link to the operators risk assessments
- Some policies may require specific consideration of key local issues or concerns.
- Emphasis on local areas and local

## Moving forward



- Continue to be the leading local authority in this area
- Further engagement with gambling operators
- Working with Public Health on targeting local area vulnerability
- Further local data gather information on at risk vulnerable groups
- Partnership with Gamcare
- Development of Gambling Vulnerability Index





# Lotteries Update

Anna Mathias



# Lotteries Update

- **Impact of recent LCCP changes.**
- Staff training and monitoring of effectiveness of policies and procedures.
- Clarification and bolstering of age verification requirements.
- Time out facilities and customer interaction for remote lotteries, ticket limit - non-remote lotteries.
- Changes to self exclusion.
- New Remote Technical Standards.

# Lotteries Update

- **April 2016 reforms to exempt lotteries.**
- What are exempt lotteries?
- Workplace lotteries can now raise proceeds for good causes.
- Changes relating to lotteries incidental to commercial events.

# Lotteries Update

- What are these changes intended to achieve?
- Residual restrictions.
- Practical effects.
- Impact on society and local authority lotteries.

# Lotteries Update

- **4<sup>th</sup> ML Directive - an exemption for lotteries?**
- Government's UK National Risk Assessment of money laundering and terrorist financing classifies gambling generally as low risk.
- Lotteries, particularly non-remote subscription or low-frequency lotteries, widely seen as lowest risk form of gambling.
- UK Government has secured a concession from the EU - certain providers of gambling services will be exempt if they can demonstrate proven low risk via an appropriate risk assessment.

# Lotteries Update

- Are lotteries likely to be classified as exempt?
- Different considerations applying to remote and instant win lotteries.
- Work being done by The Lotteries Council.
- Responding to the open consultation.



# Lotteries Update

- **Open consultations - mitigation of AML and CTF risks and digital advertisements.**
- Consultation period and relevance to lotteries.
- Mitigation of AML and CTF risk - whether the new requirement on operators should extend to non-remote lotteries.
- GC concedes low-risk but gives examples of risks that remain.
- GC's assessment of risk as foundation of any ML system.
- GC clearly believes the obligation should extend to all operators.



# Lotteries Update

- Placing digital advertisements responsibly - consulting on wording only - principle established.
- Advertisements for gambling operators continue to appear on websites providing unauthorised access to copyrighted content.
- Measures used such as the IWL are reactive and unsustainable, in the GC's view.
- GC sees these advertisements as funding the websites, hence associating gambling with crime.
- Proposes licence condition that licensees must ensure that they and their affiliates don't advertise on websites providing unauthorised access to copyrighted content.
- Industry concerns over meeting requirements - GC advice.

# Lotteries Update

- **FAQs: GC's recent advice on start-up costs, Local Risk Assessments.**
- Start-up costs- what's the problem?
- GC expects a reasonable, common-sense approach to be taken that operators can justify upon request.
- Some examples of what might and might not be acceptable.
- Average player "stay time" good benchmark.

# Lotteries Update

- Does the lottery sector need to be concerned about Local Risk Assessments?
- Requirement only applies to non-remote operators who hold or apply for premises licences.
- Remote lottery operators are affected by Ordinary Code best practice recommendation to share experience on customer interaction, and remote instant win and non-remote lottery operators are subject to the national multi-operator self-exclusion schemes.

# Lotteries Update

- **Dementia and gambling.**
- Participation of The Alzheimer's Society at recent Lotteries Council conferences.
- Dementia, mental capacity more generally and social responsibility.
- Some facts and figures.
- Have gambling operators, including lotteries, addressed the issue sufficiently, particularly for front-line staff?
- Some issues that commonly arise.
- Course content and timetable.

# Lotteries Update

- **The new Fundraising Regulator**
- Remit, and scope: the “last chance saloon” for self-regulation?
- Motivation and effects on society lotteries
- Lottery ticket sales and soliciting donations

# Lotteries Update

- Remedies, sanctions and likely approach
- Is the desire “not to duplicate regulation” sustainable?
- Re-working of the Codes





# London Borough of Newham

Sheila Roberts - London Borough of Newham

Paddy Whur





# **London Borough of Newham**

## **Gambling in Newham A Regulatory Challenge**

6 June 2016



**Circa 318,000 Population**  
**Most Diverse Population in Country**  
**Youngest Population in Country**

**Home to**  
**Olympic Stadium**  
**West Ham United**  
**Queen Elizabeth Park**  
**Westfield Shopping Centre**  
**Excel Exhibition Centre**  
**London City Airport**  
**University of East London**  
**First 2005 Act Large casino**  
**87 Licensed Betting Offices**

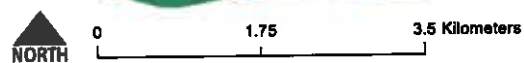
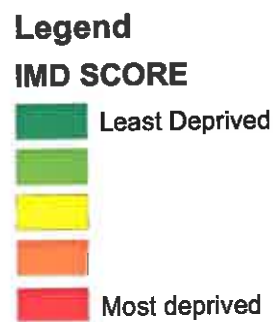
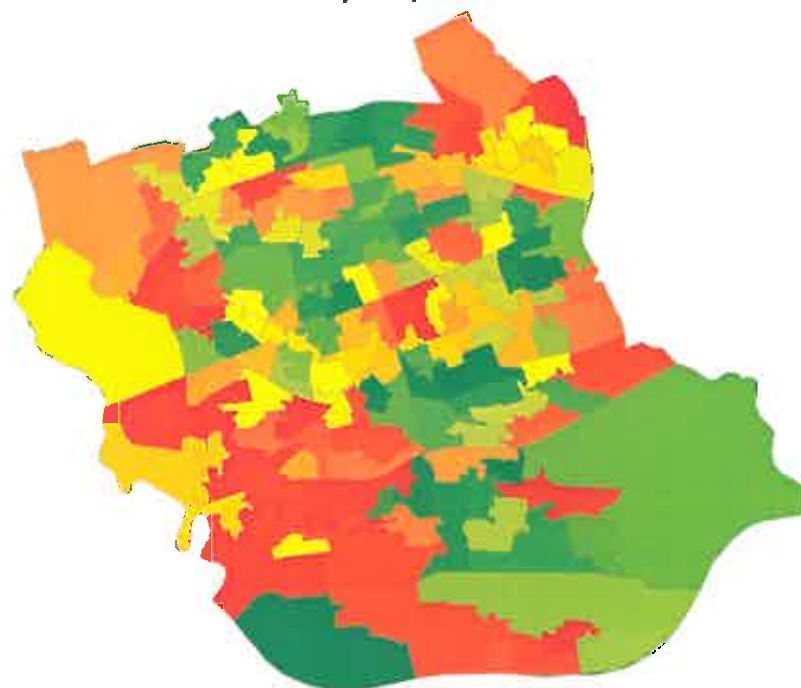
**New Ward being created with 3,000  
 new home in former Olympic village**

**Public Transport**

**District Line & Hammersmith & City Line**  
**C2C**  
**Jubilee line**  
**DLR (19 Stations almost 50% of Current Network)**  
**Abellio Great Anglia**  
**London Overground**  
**Stratford International**  
**Emirates Cable Car**  
**Extensive Bus Network**  
**Woolwich Ferry**

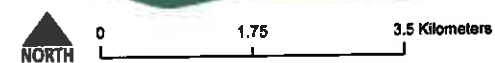
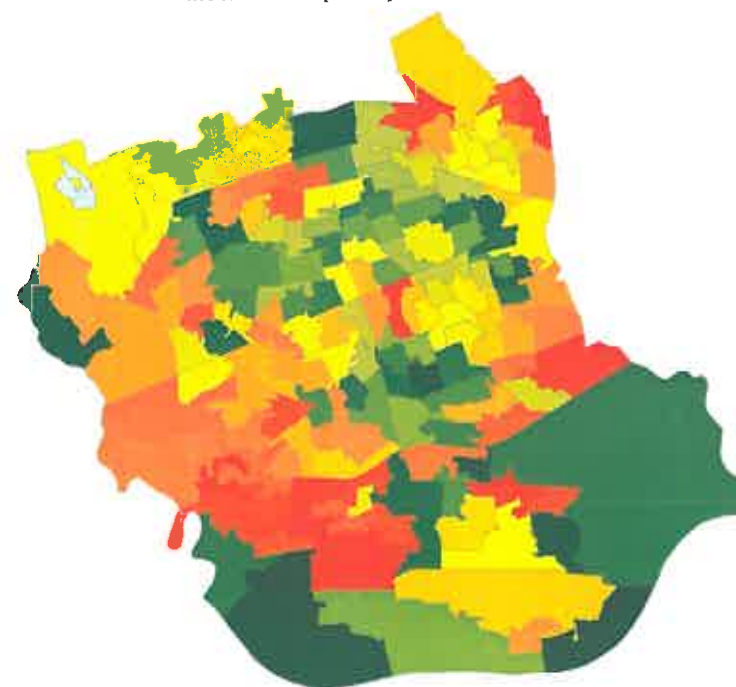
**Stratford Station 3<sup>rd</sup> busiest  
 in London**

Index of Multiple Deprivation 2010



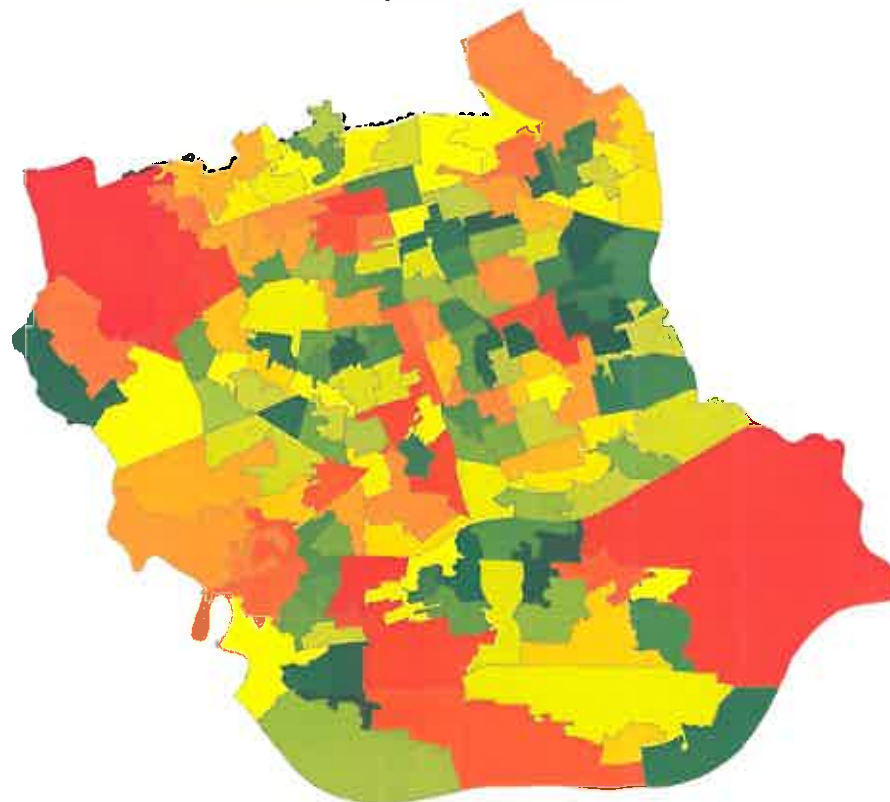
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Index of Multiple Deprivation 2015



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# 2015 Crime reports based on LSOA



## Legend

### Crime reports

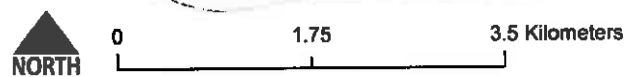
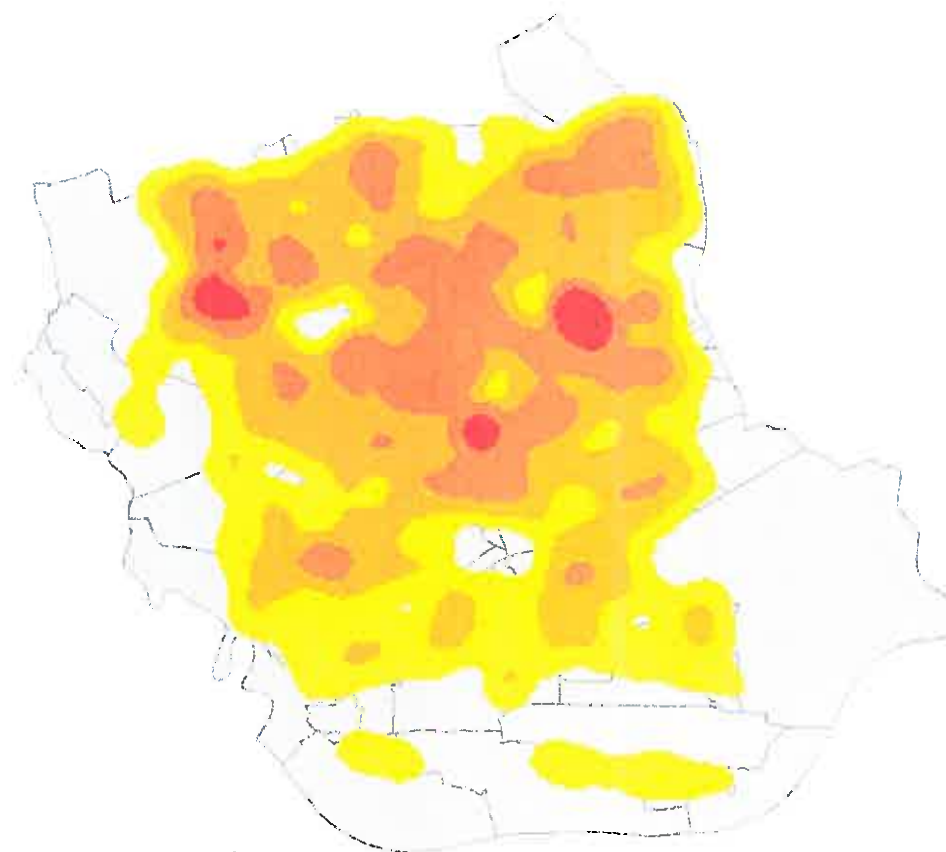
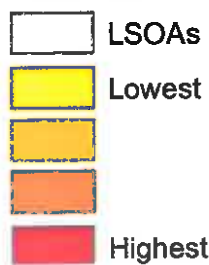


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## 2015 ASB reports based on LSOA

### Legend

#### ASB reports



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# Newham's Casino: In the Beginning

- Casino Advisory Panel, Jan 2007
- *It is our unanimous view that a casino would be likely to bring regeneration benefits to Newham without significant risk of detriment.* Advisory Commission on the Newham Casino (Oct 07)
- 78% support from Citizens Jury for Newham proceeding with the Casino Licence with appropriate conditions (Feb 08)
- Endorsed by HM Government (Mar 08)
- Full backing of Newham's Mayor, Cabinet and Chief Executive.

# High Expectations

- Provision of a range of high quality leisure and entertainment facilities
- Place considerations and locational sensitivities
- Physical environment and security
- Tackling problem gambling
- Preventing access for the young and vulnerable
- Contributing financially to additional community services and facilities



# High Expectations

- Preventing crime and antisocial behaviour
- Control of generated traffic and noise
- Communication and consultation with local communities
- Providing jobs and training opportunities
- Quality of building design and the environment

# High Expectations

- Financial viability
- Attracting tourists and other visitors
- Monitoring and reporting on the impact of the casino
- Financial offer

# Casino Reality Check

## Regulatory Intervention - Reviews of the LA2003 premises licence

- 5 December 2013 - allegations of serious assaults from September to November 2013. Cleaning of crime scene prior to police arrival
- 17 July 2014 - following the report of 3 serious crimes on 12 and 13 July 2014
- 22 September 2014 (summary review) - following serious crime and disorder involving security staff. Cleaning of scene prior to police arrival
- 20 October 2014 (full review following summary review)

# Challenges and Solutions

- Over 1.3 million visitors per year
- Monitoring as part of the Schedule 9 agreement
- Crime and ASB hotspot
- Full review of security including conflict management training
- Senior management involvement in ejections

# Challenges and Solutions

- Greater involvement and understanding of managers in areas of regulatory vulnerability
- Better timely reporting and communication with regulators and police
- Low level crime issues addressed
- Welfare officer role
- Regulators' role as part of the solution and not the problem

# Licensed Betting Offices

- Dissatisfaction with regulatory controls
- Perception of link with crime and ASB (direct and indirect)
- Perceived correlation between deprivation and number of LBOs/ FOBTs
- Look and feel of town centres
  - LBO
  - Payday lenders
  - Off licences
  - Pound shops
- Challenging relationships

# Newham Betwatch

Established following a review of an LBO in 2013  
Objectives

- The prevention and detection of crime.
- The apprehension and prosecution of offenders or suspected offenders.
- To reduce the opportunity for individuals to commit crime.
- To enhance public confidence in a safe and secure environment for customers who socialise and staff who work in on betting premises in the **Newham Betwatch** area.
- To work in partnership with the police, local authority and other agencies and organisations responsible for delivering the Community Safety Strategy.
- To encourage greater economic investment by creating and promoting a safer place to invest, work and socialise.



# Aims of Newham Betwatch

- Practical management control issues e.g. ban one ban all, role of floor walkers
- Sharing of restricted information
- Lay out of premises
- Under age sales controls

# Aims of Newham Betwatch

- Greater understanding of roles
- Shared learning and problem solving
- Two way communication
- Platform for achieving common standards
- Effective planning can facilitate less intensive monitoring & inspection

# Questions?

Sheila Roberts  
Strategic Enforcement Manager (Specialist Operations)  
Newham Council

[Sheila.Roberts@newham.gov.uk](mailto:Sheila.Roberts@newham.gov.uk)

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07930 405105



# Anti-Money Laundering Regulations

Andrew Woods



# AML Policies

- The Money Laundering Regulations 2007 TMLR.
- Regulation 5: Identifying a customer and verifying a customer's identity on the basis of documents, data or information obtained from a reliable and independent source.
- Regulation 7: Apply customer due diligence on a risk-sensitive basis when establishing a business relationship with a customer.
- Regulation 8: Conduct ongoing monitoring of business relationships.

# AML Policies

- Regulation 14: Apply enhanced customer due diligence and enhanced ongoing monitoring/apply additional measures to establish and verify the customer's identity and to scrutinise the transactions undertaken by the customer in situations which by their nature present a high risk of money laundering (risk generally?)
- Regulation 19: Keep records of the evidence and supporting documents considered as part of this ongoing process.

# AML Policies

- Regulation 20: Establish and maintain appropriate risk-sensitive policies and procedures.
- Ordinary code 2.1.1 AML.



# AML Policies

- Appropriately assess customer risk.
- Obtain adequate information with regard to customer source of funds or source of wealth.
- Utilise open-source internet resources.
- Effectively use account information to identify problem gamblers.

# AML Policies

- Adopt a risk-sensitive approach.
- Monitor volume and value of gambling.
- Does this match with information about the customer.
- Information must be more than identity and address.
- Assess source of funds.
- Risk profiles will increase or decrease over time.
- Are you using all of the information you can obtain?

# AML Policies

- Does level of spending equal lifestyle?
- What do you actually do about it, if it doesn't?
- Are you recording levels of ongoing monitoring?
- Are your policies actually effective?
- Do you keep and record this information for all customers?
- What weight do you attach to information from the customer?
- How do you check the information the customer gives to you?

# AML Policies

- Do you have a scoring system for rating risk?
- Do your staff know what information will result in a SAR?
- How do you record this?
- Who monitors this and decides whether action is required?
- With higher risk customers are your checks rigorous and balanced?
- Do you record your thought process in making a decision on risk?

# AML Policies

- Can you be certain the customer will pay (casinos)?
- “The casino sector should be on notice that issues identified in public statements are likely to form the basis of future commission compliance assessments”.
- What is your matrix/scoring system for risk assessing customers and transactions?
- How often do you update, monitor and assess this information?

# AML Policies

- Do you require customers to evidence their circumstances as well as undertaking your own research?
- Do you insist on a specific and clear evidence trail to form a business relationship?
- Assess, evidence, record, repeat.
- Independent audit?



# Questions?

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