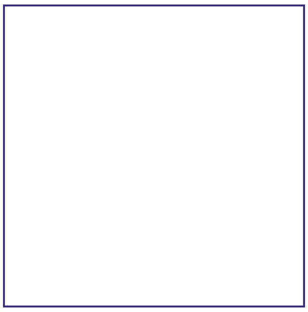
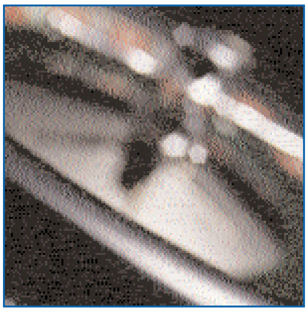




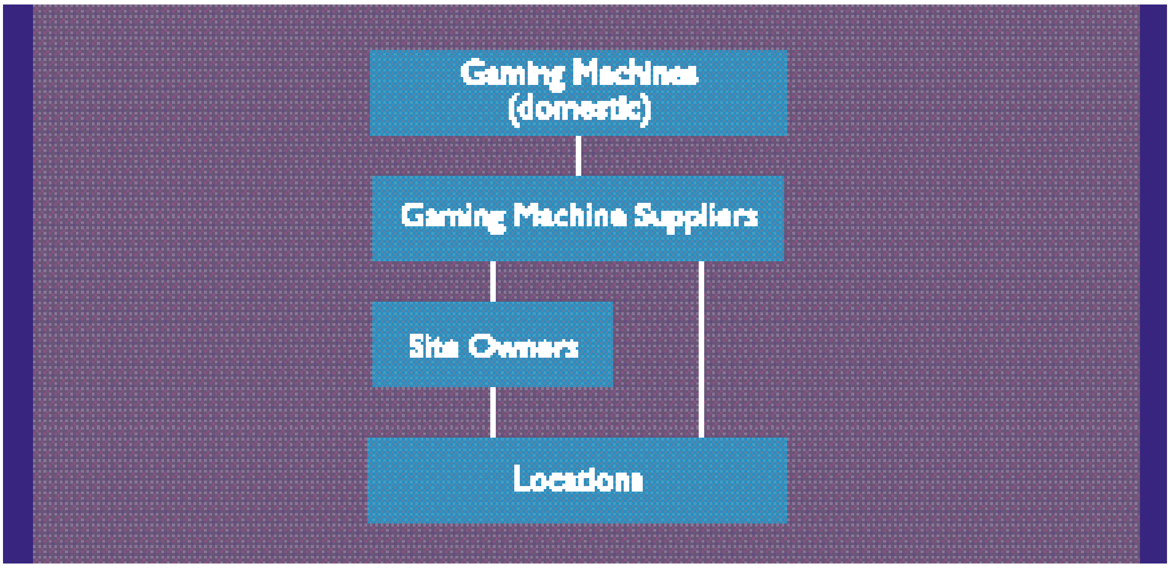


Figure 6.iv: Gaming Machines Industry

Source: BACTA (2000)

and maintenance service. Operators are also likely to offer other coin-operated machines such as skill games, pool tables, video games and jukeboxes. They receive a weekly rental for the gaming machines and a share of the cashbox in the case of other machines.[18]

6.19 BACTA told us that suppliers range in size from those that operate over 60,000 machines to those that operate fewer than 50 machines. Many of the larger operators supply machines on a national basis to site owners, such as pub chains. The smaller operators are more likely to operate more locally.[19] We received evidence from Leisure Link Group Ltd and Kunick plc who are gaming machine suppliers.

6.20 Leisure Link described its coin-operated machinery as ranging from casino jackpot machines to payphones. It operates about 90,000 pieces of equipment and claims to be the largest operator in the UK. It supplies many of the major site owners in the UK, including Bass plc, Scottish Newcastle plc, Punch and Gala Bingo.[20]

6.21 Kunick plc manages the Kunick Group's amusement and gaming machine interests. It has 31 depots covering the country and has 45,000 products sited in over 20,000 locations. It supplies games and amusements to Whitbread plc, William Hill, Scottish and Newcastle, Bass and others.[21]

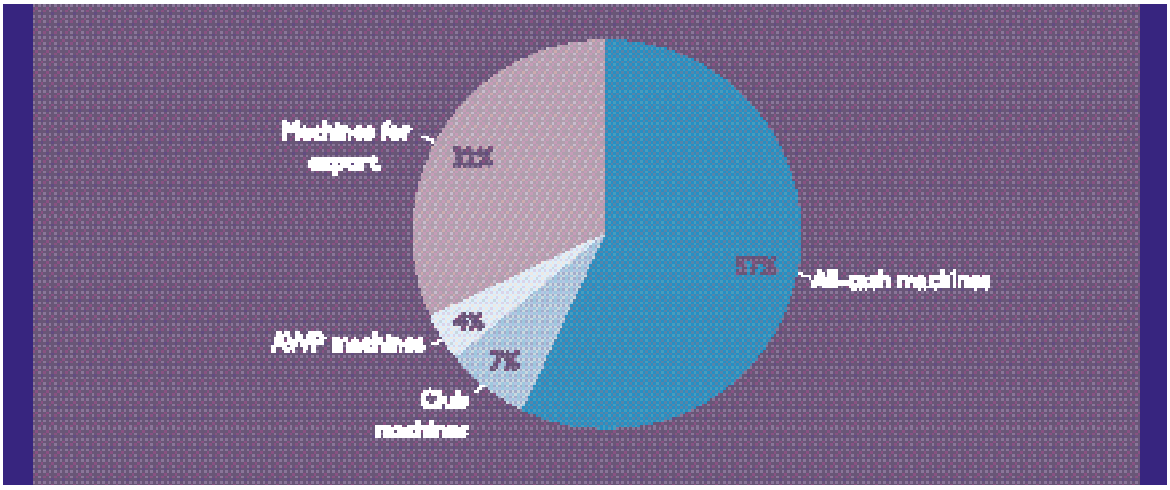


Figure 6.v: Machine Manufacturing Market, 1999

Source: BACTA (2000) Appendix 1

18- Background information taken from - BACTA (2000) 13 **19-** Ibid **20-** Leisure Link Group Ltd (2000) 1 **21-** Kunick plc (2000) 3

Site owners and locations

6.22 The absence of a requirement to submit details of the numbers of gaming machines handled or operated to any statutory body means that there is no exact information on the number of machines currently in operation in the UK. However, the Gaming Board, using data provided by the industry, states that there are thought to be around 250,000 gaming machines of one sort or another (of the reel-based type) sited in Great Britain. They are thought to include around 32,000 jackpot machines and around 218,000 AWP and all-cash machines. In addition there are estimated to be another 10,000 pinball, pushers and crane grab machines.[22]

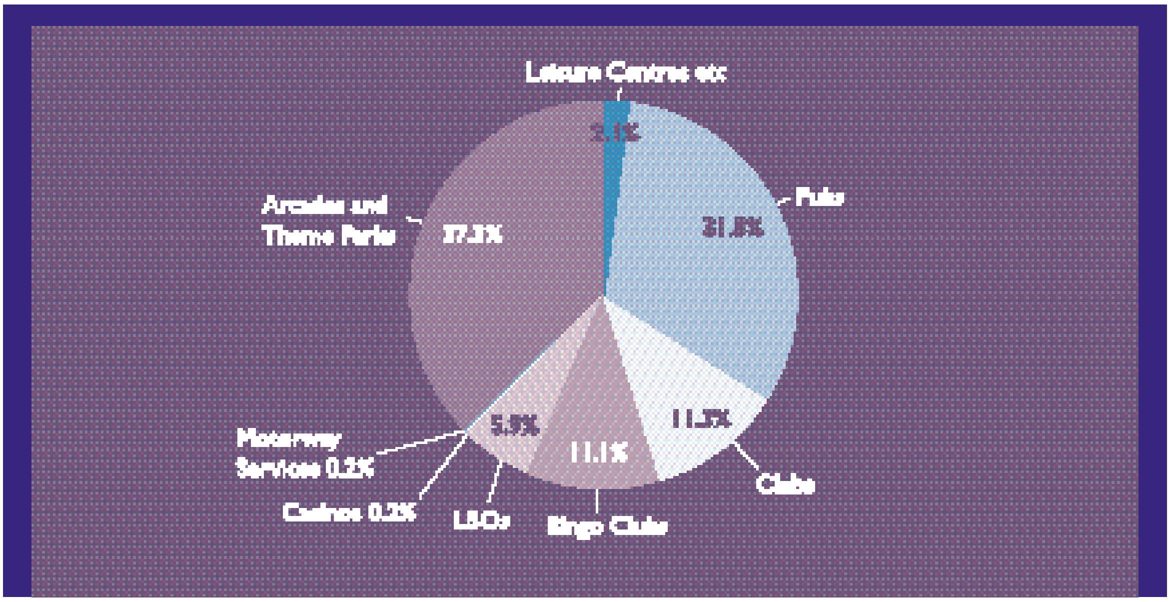
Pubs and liquor licensed premises

6.23 The number of all-cash machines that pubs are permitted to have is determined by the local licensing justices (England and Wales) or licensing board (Scotland). It is common to see two all-cash machines in a pub plus other machines, such as quiz machines, which use skill and are not subject to the same restrictions. Other premises with a liquor licence can also have all-cash machines or AWPs as long as they are installed in the bar area; hence gaming machines are sited in railway stations, roadside services, leisure centres and so on.

6.24 Pubs are the largest single sector in the gaming machine market, although there are conflicting estimates on the percentage of AWP and all-cash machines in pubs. Representatives from the pub industry suggest that they control around 40%[23] of AWP and all-cash machines, whereas estimates from the gaming machine industry suggest a slightly lower figure, nearer to 35%[24]. However, around 70-80% of all new AWP machines manufactured for the UK are initially sited in the pubs.[25]

6.25 We received submissions from three major pub retail chains, Bass plc, Scottish & Newcastle Retail Ltd and Whitbread plc as well as Allied Leisure and the Punch Group. We also received submissions from three associations representing the interest of pubs: the Brewers and Licensed Retailers Association (BLRA), the British Institute of Innkeeping, and Business in Sport & Leisure (BISL).

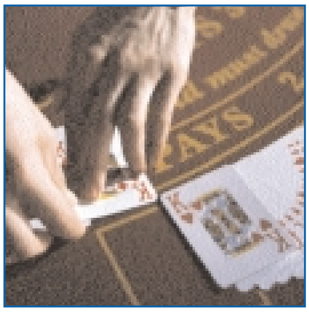
6.26 BLRA told us that there are around 60,000 managed, tenanted and leased pubs, and free houses. There are about 77,000 all-cash machines and AWPs sited in pubs, giving an average density of 1.28 machines per pub although the density of machines is higher in managed pubs, at 1.89.[26] The total turnover of the pub industry is said to be in the region of £17.7 billion per annum, of which gaming machines contribute £0.6 billion or around 3%.[27] Bass Leisure Retail's interest alone includes 2,500 managed pubs and bars, as well as restaurants and bowling sites, and approximately 6,000 all-cash machines.[28] BACTA estimates that about a further 5,200 all-cash machines and AWPs are located in liquor licensed premises that include leisure centres, roadside services, cafes and railway stations.[29]



Source : BACTA (2000) Appendix 1

Figure 6.vi: Gaming Machine Industry Numbers

22- Gaming Board for Great Britain (2000) 45 **23-** BLRA (2000) 5 **24-** BACTA (2000) Appendix 1 **25-** Ibid, 68 **26-** BLRA (2000) 2 **27-** Ibid **28-** Bass Leisure Retail (2000) 2
29- BACTA (2000) Appendix 1



6.27 Pub operators told us that gaming machines are an important feature in pubs, both economically for the retailer and as part of the service to the customer. Machines are considered to be so important that even though all the pub retailers use the services of machine suppliers, the larger groups also employ their own specialist management teams to focus on and maximise machine income for their estates.[30]

Machine Turnover and Trials

6.28 The gaming machine sector in the major pub estates is characterised by a quick turnover of machines. Use of a new game peaks quickly after siting but falls over a period of time. Machines are moved from site to site on a regular basis in order to maximise revenue. BACTA estimates that, on average, machines stay on site for ten weeks and have an average lifespan of twelve months, during which time they will be sited at about five different locations. Machines will then be moved on to the secondary pub estates, likely to be leased and tenanted estates managed by the multiple pub companies and then the free estate. This extends machine site life by a further 12 to 18 months.[31] Operators claim that these secondary sites are not so focused on optimum machine performance as the managed estates and are therefore satisfied with older games.[32]

6.29 Site owners, and particularly those that manage the major pub retail estates, insist on gaming machines with a proven popularity, so operators carry out a significant amount of site testing. The overall rejection rate is high; in 1999 only 60 out of 180 different test models went on to full production.[33] Industry sources claim that approval by the major pub retail chains holds significant sway within the gaming machine industry; failure to obtain game approval from any pub retailer would result in zero sales for that game, whilst approval from all major retailers could result in sales of 2,000 units for that game.[34]

Licensed Betting Offices

6.30 Licensed betting offices are permitted to have up to two all-cash machines. Local licensing justices (or Licensing Board in Scotland) issue the betting office licence which brings with it an entitlement to gaming machines.

6.31 The Betting Office Licensees Association Limited (BOLA) suggests that most betting offices have two all-cash machines.[35] BACTA estimates that there are about 14,500 all-cash machines in betting offices.[36]

6.32 Information from suppliers in the industry suggests that the market structure for machine supply to betting offices is very similar to the pub estate. The major chains, such as Ladbrokes, William Hill, Coral and Stanley, demand significant injection of new games but only after a thorough testing and approval process.[37]

Bingo halls

6.33 Bingo halls are allowed either jackpot machines or all-cash machines. They can have up to four jackpot machines with a maximum prize of £500 and stake of 50p. The maximum number of all-cash machines is determined by the local licensing justices. A deregulation proposal permitting bingo clubs to mix jackpot and all-cash machines was laid before Parliament in March 2001 but was not approved.[38]

6.34 The Gaming Board started collecting data on the number of gaming machines in bingo clubs in 1997-98. The survey found a total of 17,770 gaming machines in 1997-98, a total of 19,070 in 1998-99 and 17,933 in 1999-00. More details can be found in figure 6.vii. We were told that on average, bingo clubs tend to have between 40 and 60 all-cash machines. The highest number in the country is around 160.[39] Approximately 165 of the smaller bingo clubs opt to use the four jackpot machines rather than have all-cash machines. The Bingo Association states that revenue from gaming machines[40] accounted for 25-30% of income in bingo clubs.[41]

6.35 BACTA told us that many of the new all-cash machines sold to bingo halls, amusement centres and arcades tend to be of a slightly different nature from those sold to pubs and betting offices. Generally the games are simpler and packaged in cabinets reminiscent of American slot machines. Models designed for this sector tend to have a much longer sales life and can sell in high volume over a period of time.[42] Industry sources suggest that although the maximum stake is 50p on jackpot machines, in practice they play 25p or 30p.[43]

Inland Amusement Arcades, Seaside Arcades and Family Entertainment Centres

6.36 According to BACTA, there are around 1,000 inland amusement centres in the UK, typically found on the high street. The majority are single, operator-owned sites although there are companies that run up to 50 sites.[44] Estimates suggest that there are a further 1,000 seaside arcades and amusement centres which might typically include theme parks and piers. We have used the term "family entertainment centre" to refer to premises, such as seaside arcades and arcades in theme

30- Ibid, 53 **31-** Kunick plc (2000) 5 **32-** Ibid **33-** BACTA (2000) 53 **34-** BACTA (2000) 54 **35-** BOLA (2000) 4 **36-** BACTA (2000) Appendix 1 **37-** Kunick plc (2000) 5 **38-** Select Committee on Deregulation (2001) **39-** Information supplied during a visit to Beacon Bingo, Cricklewood, 26th July 2000 **40-** Thomas Estates (2000) 2 **41-** Bingo Association at the GRB Oral Evidence Hearing, 20/11/2000 **42-** BACTA (2000) 54 **43-** Thomas Estates (2000) 2 **44-** BACTA (2000) 14

	1997-98	1998-99	1999-2000
AWP (all-cash and AWP)	17,159	18,587	17,274
Jackpot : £250 prizes	611	454	519
Jackpot : £500 prizes		29	40
Total	17,770	19,070	17,833

Figure 6.vii: Gaming machine numbers in bingo halls

Source: Gaming Board for Great Britain reports 1997-98, 1998-99, 1999-00

parks, where the emphasis is on providing machines for children, rather than adult gaming. We received evidence from the British Association of Leisure Parks, Piers and Attractions (BALPPA).

6.37 BACTA estimates that inland arcades, seaside arcades and amusement centres have around 52,000 AWP machines[45] and 41,000 all-cash machines. The University of Salford estimated that in 1996 the amount wagered was £2,169m and the gross gaming yield (ie. money paid in minus money paid out as winnings) was £321m. By 1998, the amount wagered had increased by 7% to £2,320m and the gross gaming yield to £471m, as shown in figure 6.viii.

6.38 The British Resorts Association was one of many organisations that commented on the long-term decline of seaside resorts.[46] The industry also reports that seaside arcades have been in gradual decline as businesses over the last two decades.[47] Pier operators rely heavily on income from gaming machines which can account for 25% to 40% of total pier income, and almost all income in seaside arcades.[48]

6.39 The majority of inland arcades are adult-only; those that are not, operate a 'designated area' system. Most of the pub style machines will have been purchased as pre-owned from the machine suppliers.[49] The industry states that competition from home computers has destroyed the video-game market so most arcades now contain only AWPs.

Clubs

6.40 Private clubs are permitted to have three jackpot machines with a maximum prize of £250. Such clubs require membership and include premises such as health and sports clubs, working men's clubs, ex-servicemen's clubs, political clubs and student unions. We received evidence from the Working Men's Club and Institute Union Limited on behalf of the 3,000 non-profit making working men's clubs that are affiliated to them.

6.41 BACTA estimates that there are over 29,500 different clubs in the UK with over 28,000 jackpot machines.[50] Estimates from the University of Salford suggest that in 1996, clubs' gross gaming yield from gaming machines was around £252m. Two years later it had decreased slightly to £251m.

Casinos

6.42 Casinos are permitted to have up to 10 jackpot machines with a maximum stake of 50p and a prize of £1000. Winnings must be paid out in cash.[51]

6.43 In addition to comments made by BACTA, we also received evidence from the British Casino Association (BCA) regarding gaming machines in casinos.

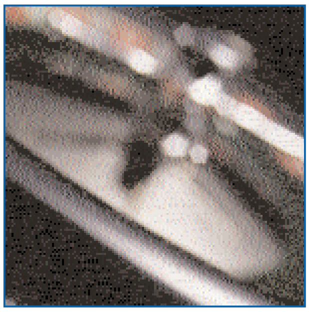
6.44 According to BACTA, there are 612 jackpot machines sited in casinos. This represents a small fraction of all

(£ million)	1996	1998	% change
Amount wagered	2,169	2,320	7.0
less winnings	1,848	1,849	0.1
Gross gaming yield	321	471	46.7%

Figure 6.viii: Gaming machine activity in amusement arcades

Source : Centre for the Study for Gambling & Commercial Gaming, University of Salford

45- Ibid, Appendix 1 **46-** British Resorts Association (?) *UK Seaside Resorts – Behind the facade* **47-** BACTA (2000) 68 **48-** BACTA (1997) 5 **49-** BACTA (2000) 54 **50-** BACTA (2000) Appendix 1 **51-** Gaming Board for Great Britain (2000) 17



gaming machines, or around 2% of all jackpot machines. The BCA told us that gaming machines contribute less than 1% of casino gross gaming yield in Britain. In most European casinos, machines provide the majority of their gross gaming yield.[52]

6.45 The BCA also told us that machine manufacturers are not willing to develop new models for the very small British casino market, which means that only old-fashioned machines are available.[53]

Cost of Licences and Registration

6.46 Gaming machine suppliers must have a section 27 certificate for the sale, supply or maintenance of gaming machines. Between 1990 and 2000, the number of section 27 certificates in force dropped by over a quarter. In 1990, there were 1,080 in force, but by 1999-00 this had dropped to 773. A small number are refused or revoked every year. The highest number to be refused or revoked was six (in 1991-92 and 1995-96). Over the same period the cost of the section 27 certificate, which lasts five years, increased from £2,350 to £3,810. The cost of renewals increased from £920 to £1,520.

Duty

6.47 The duty on gaming machines is the amusement machine licence duty. Different rates of duty apply to AWPs, all-cash machines and jackpot machines, depending on the stake and prize level. Companies that are registered for VAT also pay VAT on the gross gaming yield of the machine (which is the amount of money paid in, or wagered, minus the money paid out as winnings). Customs & Excise report that around 95% of gaming machine operators pay VAT on the gross gaming yield although it is not possible to separate that portion of VAT from the rest of the VAT paid by the business.

6.48 In 1990, the cost of an AWP licence was £375. By 1999-00, it had increased to £645. The cost of a jackpot machine licence increased from £960 in 1990-91 to £1,815 in 1999-00.

6.49 The total amount of duty collected increased from £98.6m in 1990-91 to £160.3m in 1999-00. The amount of duty collected increased substantially twice during that decade. Figure 6.xi contains more details.

(£ million)	1996	1999	% change
Amount wagered	1,261	1,2[illegible]	-0.6
less winnings	1,009	1,002	-0.7
Gross gaming yield	252	251	-0.4

Source: Centre for the Study for Gambling & Commercial Gaming, University of Salford

Figure 6.ix: Gaming machine activity in clubs

	No.	%
Casinos	612	2.1
Clubs	28,100	97.2
Bingo halls	200	0.7
Total	28,912	100

Source: BACTA (2000) Appendix 1

Figure 6.x: Jackpot machine numbers

52- British Casino Association (2000) 11 **53-** Ibid

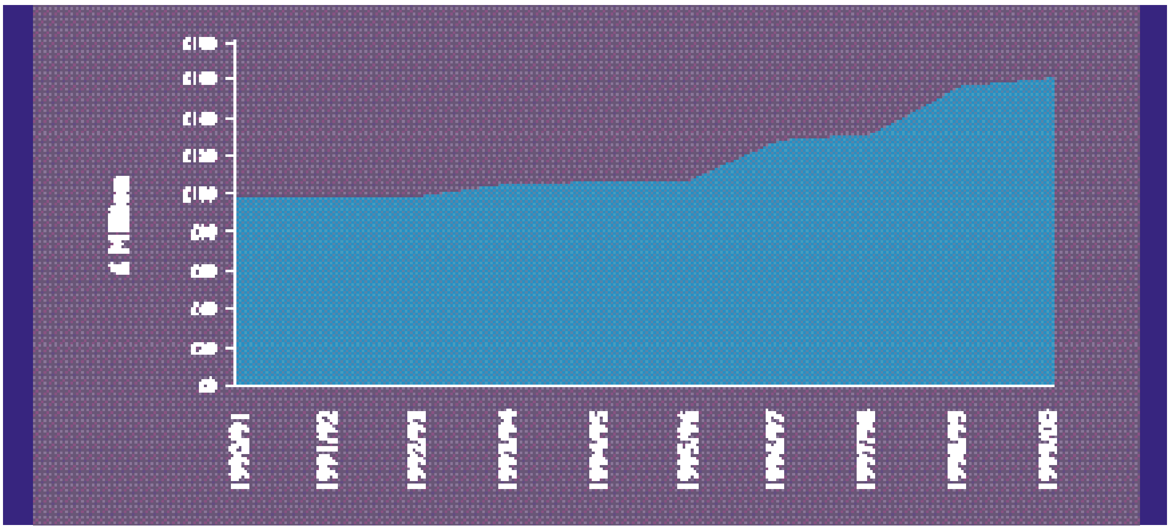
Employment

6.50 Evidence supplied to us by BACTA, which uses extracts from a model prepared by the Henley Centre, suggests that around 25,000 people are employed as a direct result of the gaming machine industry. Of these 1,800 people are employed in full-time positions in the manufacturing and conversion market. A further 122 work in the import sector and 130 people are employed by distributors. Operators employ 7,662 people. Assessing the number of people employed by premises on which gaming machines are operated is complex. Although gaming machines are the primary activity in inland and seaside arcades, they are an incidental activity, in terms of staffing needs, in other locations such as pubs, betting shops and clubs. Gaming machines are a significant activity in bingo halls and casinos, if not necessarily the main activity for most attendees. BACTA estimated that around 4,380 people were employed in inland arcades and 9,000 people in seaside arcades.[54] This does not take account of indirect employment as a result of gaming machines, or the businesses that rely on income from gaming machines to support other parts of their operation.

		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
AWP Machine Licence cost	Lower	£150	£150	£150	£150	£535	£535	£515	£535	£645	£645
	Higher	£375	£375	£375	£450						
Jackpot Machine Licence cost	Lower	£375	£375	£375	£480	£535	£535	£515	£535	£645	£645
	Higher	£900	£900	£900	£1150	£1375	£1375	£1375	£1575	£1815	£1815
Plus VAT on gross gaming yield		17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Value of duty collected £million		£96.6	£93.7	£95.5	£104.4	£106.1	£106.6	£130.0	£130.3	£156.5	£160.3
% change			-3.0	1.9	6.0	1.6	0.5	22.1	0.2	19.5	2.4

Source : Customs & Excise

Figure 6.xi: Gaming machine duty collected, 1990-2000



Source : Customs & Excise

Figure 6.xi: Value of duty collected on gaming machines, 1990-2000

54- BACTA (2000) 65

chapter seven

Table Games in Casinos and Elsewhere

7.1 Table games are the kind of games conventionally associated with a casino. They include roulette, dice games such as craps and card games like blackjack.

7.2 Table gaming is governed by the Gaming Act 1968. The Act provides for the licensing and regulation of casinos and more specifically the gaming they provide.[1]

7.3 As with bingo, the following forms of gaming are exempted from the general scheme of licensing and registration:

- gaming at home
- gaming in certain clubs and institutes where chances are equal as between players, subject to restrictions on charges for taking part
- certain minor gaming on premises licensed under the liquor licensing laws
- gaming at certain entertainments, not for private gain
- gaming by way of amusements at bazaars and fêtes
- gaming by way of amusements with prizes at commercial entertainments.[2]

Permitted areas

7.4 Casinos may only operate in 53 permitted areas. These areas were set out in a regulation order in 1971 and are generally the areas of former county boroughs with populations of over 125,000 at that time. The 53 areas are as listed in figure 7.i, together with the number of casinos in each one. The government suggested a further 13 new areas in 1996, however it did not take the proposals forward.[3]

Demand test

7.5 The Gaming Act 1968 places a responsibility on licensing authorities to consider demand for gaming before granting a licence and gives them a discretion to refuse an application (for a casino licence) if unmet demand is not demonstrated.[4] The Gaming Board may advise the licensing authority, and it reviewed its policy on this in October 1999. It had formerly lodged formal objections in nearly all applications where there was already at least one casino in the area. The Gaming Board has since published a new policy having changed the criteria on which it judges unmet demand and in its 2000 annual report it suggested that the number of objections it made would be considerably reduced.[5]

Operating restrictions

7.6 In addition to the restrictions on players, casinos are subject to the following:

- opening hours. Casinos may only open between 2pm and 6am on weekdays and until 4am on Sundays[6]
- advertising. Following a deregulation order in August 1999, casinos are now permitted limited advertising in written publications. Prior to this, section 42 of the Gaming Act effectively prohibited all advertising
- entertainment. Casinos are not allowed to provide any form of live entertainment
- alcohol. Alcohol is not to be taken on to the gaming floor.

Types of casino games

7.7 Both the games that can be played in a casino and the odds are regulated. The current bankers games that are allowed are: roulette, blackjack, punto banco, craps (dice), baccarat, Casino Stud Poker and Super Pan 9. In these, the bank is held by the house (the casino) and pays odds which are slightly in its favour. Games of equal chance in which the members of the casino club play among themselves and each has an equal mathematical chance of winning may be played in a separate card room, for which a charge can be made by the casino for its use.

1- Green, Mehigan, Phillips & Stevens (2000) 1034 **2-** Smith & Monkcom (1987) 105 **3-** British Casino Association (2000) 16 **4-** Gaming Board for Great Britain (2000) 14 **5-** Ibid, 15 **6-** British Casino Association (2000) 21

England	102	Scotland	12	Wales	4
Birkenhead	1	Aberdeen	2	Cardiff	3
Birmingham	8	Dundee	1	Swansea	1
Blackpool	2	Edinburgh	4		
Bolton	1	Glasgow	5		
Bournemouth	2				
Bradford	2				
Brighton	2				
Bristol	1				
Coventry	2				
Derby	2				
Dudley	1				
Great Yarmouth	2				
Hove	1				
Huddersfield	1				
Kingston upon Hull	1				
Leeds	4				
Leicester	2				
Liverpool	3				
London	21				
Luton	2				
Lytham St Annes	1				
Manchester	8				
Margate	2				
Newcastle upon Tyne	2				
Northampton	1				
Nottingham	2				
Plymouth	2				
Portsmouth	1				
Ramsgate	1				
Reading	2				
Ryde	0				
Salford	2				
Sandown/Shanklin	0				
Scarborough	1				
Sheffield	3				
Southampton	2				
Southend-on-Sea	2				
Southport	1				
Stockport	1				
Stoke-on-Trent	1				
Sunderland	1				
Teesside/Middlesbrough	1				
Torbay	1				
Walsall	2				
Worthing	0				
West Bromwich	0				
Wolverhampton	1				

Figure 7.i: Number of licensed clubs operating, 31 March 2000

Source: BISL (2000)

Punters

7.8 Table gaming is an activity in which few participate. The Prevalence Survey reported that table games in a casino was the activity least likely to have been undertaken by respondents. Only 3% of respondents had played in the last year, comprising 4% of men and 1% of women.[7] The ONS survey showed similar figures: 5% of men and 2% of women had taken part in casino gaming (4% of all respondents).[8*] The figures are not directly comparable, because the Prevalence Survey asked particularly about table gaming, whereas the ONS survey looked at all gaming in a casino, which would include gaming machines. The age groups which had the highest level of participation were 25-34 year olds (5% according to the Prevalence Survey) and 16-44 year olds (5% according to the ONS survey). Very few people over 65 reported playing within the past year.[9] The ONS survey also showed that casino gaming was far more common among younger men than women: 9% of men aged 16-24 and 8% of men aged 24-44 had taken part in casino gaming, compared to 1% and 2% of women respectively.

7.9 The Prevalence Survey found that the highest level of participation in table games was found in social class I (5%) and the lowest in social class V (1%).[10] The ONS survey showed regional preference: the North, Midlands and East Anglia, London, Wales and Scotland all scored between 3 - 4%. The South East had the highest at 6% and the South West, the lowest with 1%.[11] Even though Londoners report similar participation levels as other parts of Britain, the British Casino Association told us that London casinos account for two thirds of UK casino earnings, but this is accounted for by high-spending overseas visitors.[12]

Average spend

7.10 The Prevalence Survey reported the net expenditure for table games in a casino – that is, the amount a player started with, less the amount he finished with. The Prevalence Survey noted that the base of respondents who had participated in casino gaming in the previous seven days was too small for reliable estimates. Overall, the Prevalence Survey found that 35% of people had won or broken even and 28% had lost less than £20 in the last week. 10% of respondents had lost between £50-£200, and 10% had lost more than £200.[13] A consortium from the British casino industry commissioned Dr Susan Fisher to undertake research into gambling among casino patrons in 1996.[14] Dr Fisher found that only 11% of respondents had spent more than £100 on casino games, but that figure included 2% who had lost between £501-£1,000 and 1% who had lost more than £1,000.[15] The BCA reported that the average spend per visit on gaming in 1998-99 was £40. However, this sum is substantially dependent on high-spending overseas visitors at London's 23 casinos.[16] Three quarters of all visits occur outside London where the average net spend in 1998-99 was £21.[17]

Gambling activity participated in within last year %

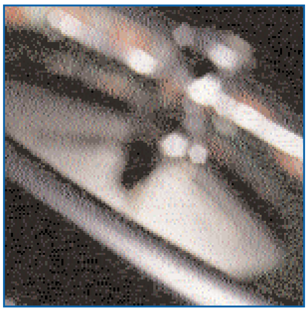
Age	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
Prevalence Survey – Table games in a casino	4	[illegible]	[illegible]	2	1	*	*	3
ONS Survey – Gaming in a casino	5		(5)	4	2	2	0	4
ONS Survey – Men	9		(8)	3	1	1	0	5
ONS Survey – Women	1		(2)	[illegible]	[illegible]	[illegible]	0	2

* Signifies a positive value of less than 0.5%

Figure 7.ii: Participation in table games

Source : Sproston, Erens & Orford (2000) & Office of National Statistics (2001) Module 278

7- Sproston, Erens & Orford (2000) 18 **8-** Office for National Statistics (2001)* Neither survey specified casinos in British only so answers may reflect table gaming whilst overseas. **9-** Sproston, Erens & Orford (2000) 19 **10-** Sproston, Erens & Orford (2000) 24 **11-** Office for National Statistics (2001) **12-** British Casino Association (2000) 7 **13-** Sproston, Erens & Orford (2000) 37 **14-** Fisher, Dr. Susan (1996) **15-** Ibid, 40 **16-** British Casino Association (2000) 7 **17-** Ibid, 7



Admissions

7.11 The Gaming Board reported that casinos received 11.2 million visits in Great Britain in 1999-2000, a decrease of 2% on the previous year. Between 1995 and 2000, attendance peaked in 1997-98 with 11.7 million visits. Figure 7.iii gives more details. The BCA reports that the busiest clubs can receive more than 1,000 visitors a day at peak periods. Other, more exclusive, clubs may have only a couple of dozen people who make regular visits.[18]

Players restrictions

7.12 There are two controls on players wishing to game in a casino: membership and age. A person can only enter a casino either as a member or as bona fide guest of a member. Having applied for membership, players must wait 24 hours (previously 48 hours) before they can game. Since August 1999, players have been able to apply in writing. Before that they were required to attend the premises personally to join.[19] No-one under the age of 18 is allowed in a room whilst gaming is taking place, although in practice British casinos do not admit people under the age of 18.[20] Players are also restricted to payment by cash, cheque or debit card.

The Industry

Trade Association

7.13 The British Casino Association (BCA) is the trade association for the casino industry. It represents 95% of the licensed casinos in England, Scotland and Wales.[21]

Industry size and structure

7.14 On 31 March 2000, there were 123 licensed casinos in Great Britain of which 118 were trading.[22] Of those 118, four were in Wales and 12 were in Scotland. Over one fifth of the casinos in England are in London.

7.15 The casino industry in Britain is marked by a trend towards ownership by large listed PLCs with operations in both London and the provinces. Three companies dominate casino ownership in Britain: the Rank Group, Stanley Leisure and the Gala Group (which is privately owned). The Rank Group owns 31 casinos, of which four are in London. Stanley Leisure Group owns 30 casinos, of which three are in London.

	1995-96	1996-97	1997-98	1998-99	1999-00
Scotland	0.90	1.11	1.16	1.21	1.08
North	2.97	3.00	3.11	3.02	3.06
Midland & Wales	2.11	2.19	2.31	2.14	2.11
South	2.11	2.21	2.34	2.34	2.20
London	2.74	2.81	2.83	2.71	2.70
TOTAL (millions)	10.86	11.31	11.66	11.42	11.19

Source : Gaming Board for Great Britain (2000)

Figure 7.iii: Casino attendance (millions), 1995 - 2000

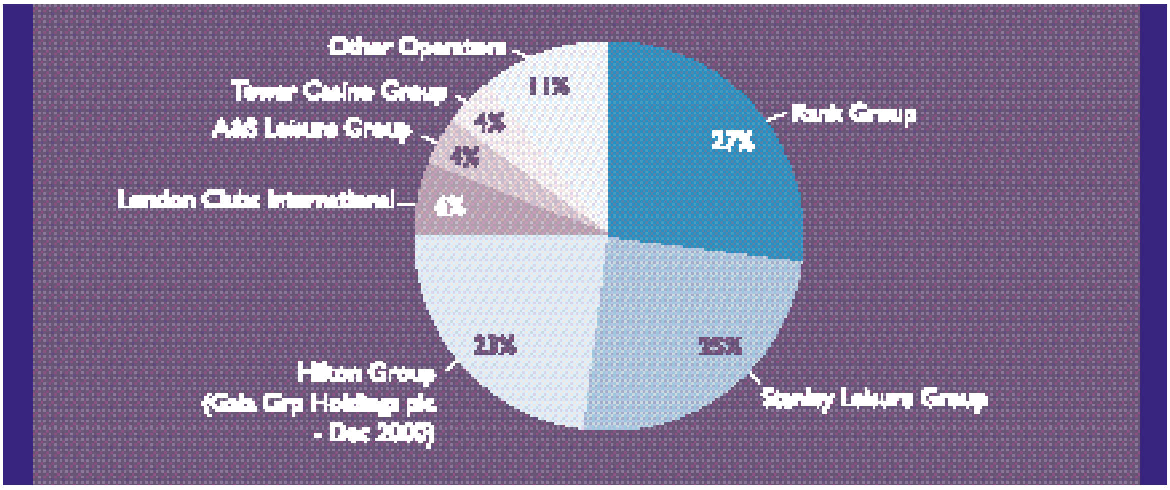


Figure 7.iv: Casino ownership in Britain

18- British Casino Association (2000) 7 **19-** Gaming Board for Great Britain (2000) 17 **20-** Green, Mehigan, Phillips & Stevens (2000) 1058 **21-** British Casino Association (2000) 5 **22-** Gaming Board for Great Britain (2000) 11

Gala Group Holdings own Ladbroke Casinos Ltd, which has 27 casinos, of which six are in London. The Gala Group completed the acquisition of Ladbroke Casinos Ltd from the Hilton Group in December 2000. Together, these three operators operate three-quarters of casinos in Britain. A further three operators run mid-sized operations of between five and seven casinos.[23] Figure 7.iv shows the ownership of the industry.

Turnover

7.16 The BCA says that casinos do not have a turnover figure which can be readily compared with other industries. Both the amount exchanged by players for gaming chips (drop) and the value of wagers placed are misleading because about 97.5% of the wagers placed are paid out as winnings, which are recycled into repeated wagers during the course of a visit. A more meaningful measure is the gross gaming yield, or the "house win".[24]

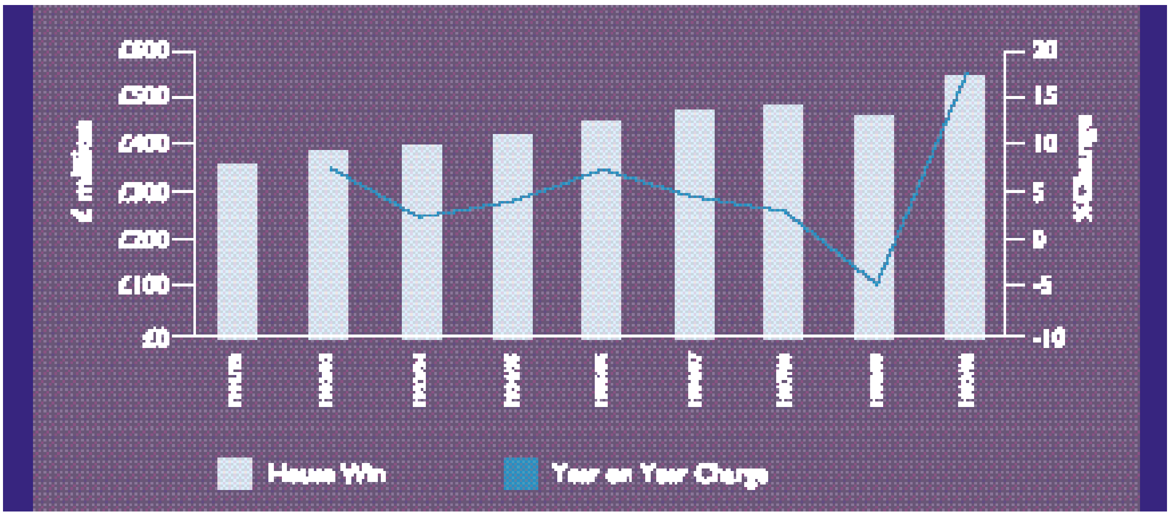
7.17 Figures 7.v and 7.vi show the house win figures for the years 1990-91 to 1999-2000. Figures 7.v and 7.vii shows the drop over the same period and figure 7.iii shows the share of drop by type of game.

7.18 The house win was 19% of the drop in 1991-92 and 1992-93, but since then it has remained at 17-18%.[25] The Gaming Board reports that approximately 66% of the total drop in 1999-00 occurred in the London casinos.[26] Overseas visitors normally provide a substantial percentage of the gross gaming yield of London casinos. The BCA reports that in 1997, overseas visitors provided over half the gross gaming yield of London casinos.[27] Some people have also suggested that casinos in the UK are sustained by a relatively small core of very regular players.[28]

	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
House win (£ millions)	£344	£392	£401	£418	£450	£471	£486	£464	£546
Year on year change, %		7.7	2.8	4.1	7.6	4.7	3.2	-4.8	17.7
Drop per year (£ millions)	£1,914	£2,061	£2,230	£2,461	£2,548	£2,597	£2,720	£2,683	£3,109
Year on year change, %		7.7	8.2	10.4	3.5	2.0	4.7	-1.3	16.0

Source: Data prior to 1995 - Gaming Board for Great Britain (1995) Data after 1995: Gaming Board for Great Britain (2000)

Figure 7.v: House win and drop, 1991-2000



Source: Gaming Board for Great Britain (2000)

Figure 7.vi: House win

23- Gaming Board for Great Britain (2000) 12 **24-** British Casino Association (2000) 7 **25-** Gaming Board for Great Britain (2000) 23 **26-** Ibid, 21 **27-** British Casino Association (2000) 8
28- Fisher, Dr. S. (1996) 10

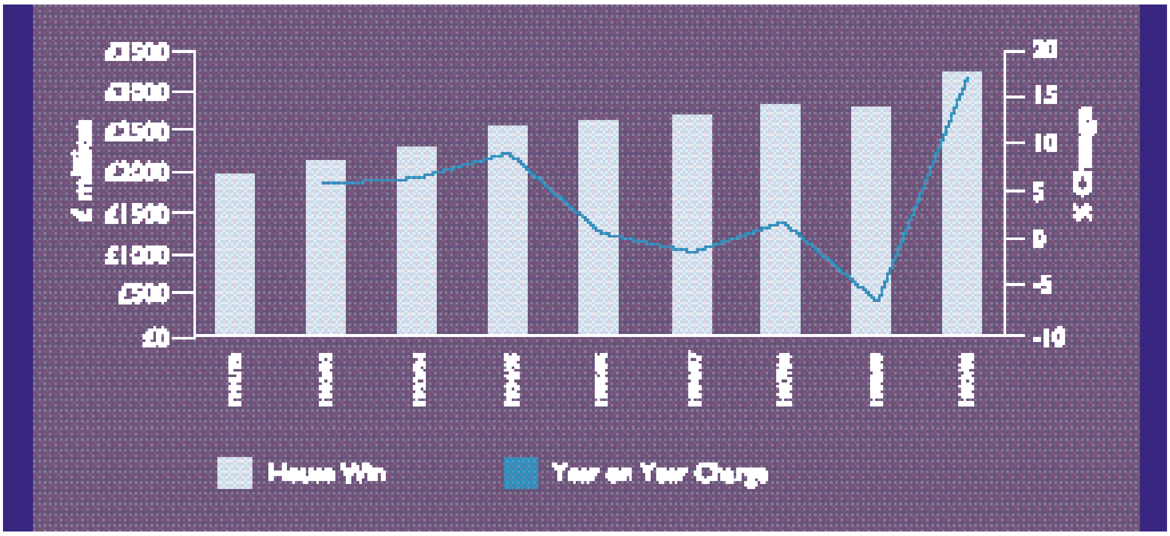


Figure 7.vii: Drop per year

Source: Gaming Board for Great Britain (2000)

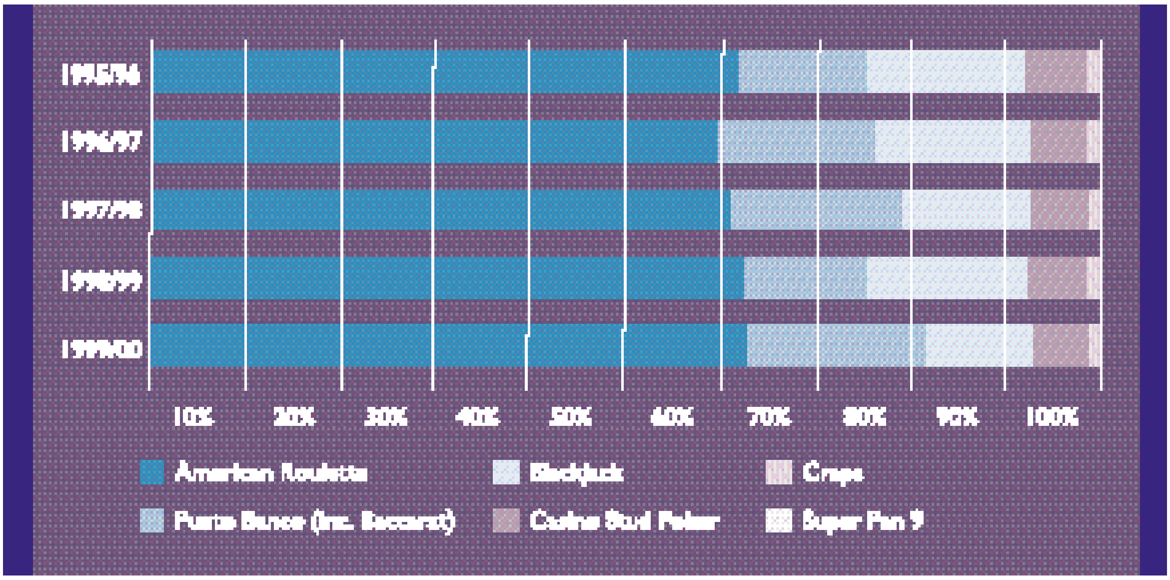


Figure 7.viii: Share of drop by game, 1995-2000

Source: Gaming Board for Great Britain (2000)

Duty

7.19 Casino gaming is taxed by gaming duty. Payment is determined by the level of gross gaming yield and is charged at stepped increases from 2.5% to 40%. Figure 7.ix shows the details. Figure 7.x shows the annual payments of duty. There appears to be an upward trend, with erratic changes from year to year.

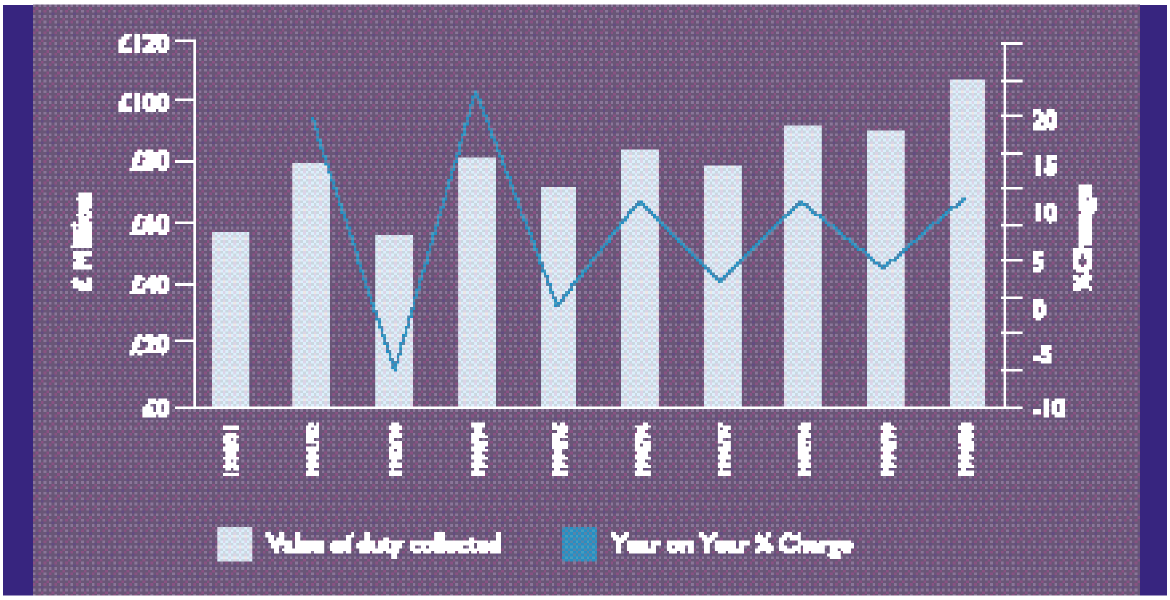
Employment

7.20 The Gaming Board Report for 1999-2000 stated that the BCA estimated that there were currently 11,700 people employed in the casino industry in Great Britain. Of these 60% were directly involved in gaming. The remainder were non-gaming staff dealing with ancillary activities such as restaurant, bar and security.[29] Ladbroke Casinos reports that it employs 3000 people in 27 casinos.[30]

Date of change	2.5% of first	12.5% of next	20% of next	25% of next	30% of next	
1.10.91	[illegible]	[illegible]	n/a	[illegible]	n/a	[illegible] of remainder
1.4.9[illegible]	£450,000	£1.00m	[illegible]	n/a	£1.75m	40% of remainder
1.4.99	£462,000	£1.03m	£1.03m	n/a	£1.8[illegible]m	40% of remainder

Source: Customs and Excise

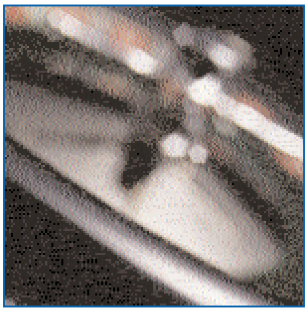
Figure 7.ix: Duty rates



Source: Customs and Excise

Figure 7.x: Gaming Duty collected 1999-2000

29- Gaming Board for Great Britain (2000) 20 30- Hilton Group plc (2000) 1



chapter eight

Bingo

8.1 Bingo is a game of chance. In return for a stake, each player receives a set of numbers that he has not chosen. The player marks off the numbers in his set against numbers which are selected at random and announced by a caller. A player wins by completing a line, multiple lines, or a full house (all the numbers in their set) more quickly than other players. A winning set must include the number which was called last. A player invalidates his win if he does not call out quickly enough; the pace of the game is determined by the speed of the caller. The length of the game is determined, not only by the speed of the caller, but also the number of players, the proportion of numbers that constitute a win, and the range of numbers in the selection.

8.2 The paper-based games in which numbers are daubed or marked off are a common type of bingo but many clubs also offer mechanised cash bingo which typically uses a fixed plastic board with shutters.

8.3 Bingo game variations include linked bingo and multiple bingo:

- linked bingo is where two or more clubs combine to play a joint game of bingo. Pooling the money from stakes enables the clubs jointly to offer greater prizes
- multiple bingo, often known as the National Game, is played by clubs across the country. The larger number of clubs playing creates a larger pool of stakes from which prizes are taken. The Gaming Board reports that weekday games generate a maximum national prize of £100,000, with additional regional and house prizes. The Sunday game currently has a prize of £200,000: the ticket price for this game is 50p.[1]

8.4 There are two main types of bingo: cash bingo, where cash can be won, and prize bingo, where prizes are won.

- Cash bingo is primarily a commercial activity and is controlled by the Gaming Act 1968. Commercial bingo can only be played at premises regulated by the Gaming Board. It may be played non-commercially in other clubs.
- Prize bingo is a game played in seaside amusement arcades, travelling funfairs or as a game played in the intervals between cash bingo games at commercial clubs.[2] It is covered by the Lotteries & Amusements Act 1976 as far as arcades are concerned. It is, however, played under the 1968 Act in bingo clubs.

8.5 Under the Gaming Act 1968, cash bingo is permitted in a restricted number of premises: licensed proprietary clubs (such as commercial bingo clubs), registered members' clubs (such as working men's clubs) and miners' welfare institutes subject to control from the Gaming Board and the local licensing authorities. Most bingo should take place within this main scheme although there are some exceptions where gaming is also allowed:

- gaming in the home
- gaming in certain clubs and institutes where chances are equal as between players, subject to restrictions on charges for taking part
- certain minor gaming on premises licensed under the liquor licensing laws
- gaming at certain entertainments, not for private gain
- gaming by way of amusements at bazaars and fetes
- gaming by way of amusements with prizes at commercial entertainments.[3]

8.6 Most bingo is played in licensed bingo clubs or private clubs.

Licensed bingo clubs

8.7 Bingo may be played in premises licensed under Part II of the Gaming Act 1968. In order to play licensed bingo a certificate of consent from the Gaming Board is required currently costing £3,260 (grant) and £2,630 (transfer). After acquiring the certificate of consent, the club then needs to obtain a licence from the local licensing authority at a cost of £2,940 initially (£1,030 for a transfer licence) and £1,357 annually on renewal. As with casinos, the Gaming Act 1968 places a responsibility on licensing authorities to consider the demand for gaming before granting a licence and gives them discretion to refuse an application if unmet demand is not demonstrated. The club may levy charges for play. There is no limit on stakes, which must be returned to players in full as winnings (less any bingo duty). Only eligible members of the club and their bona fide guests may take part in the bingo. Persons under 18 may be present in the room while bingo is taking place but must not play.[4]

1- Gaming Board for Great Britain (2000) 28 **2-** Home Office website (viewed 8/5/01) www.homeoffice.gov.uk **3-** Smith & Monkcom (1987) 105
4- Gaming Board website (viewed 8/5/01) www.gbgb.org.uk

Private Clubs

8.8 Bingo can be played as one of the activities in a club under section 40 of the Gaming Act 1968. The club must be permanent; have at least 25 members and no public access is permitted. Not more than 60p per person per day may be charged for taking part in the bingo, although there is no limit on stakes, which must be distributed in full as winnings. There are no age limits on who may play.[5]

8.9 If a club wishes to charge more than 60p a day, then it must be a bona fide members' club and registered under Part II of the Gaming Act with the local licensing authority (current cost of registration is £210 on grant for one year and £105 on renewal). Clubs can charge up to £2 entrance plus stake. There is no limit on stakes, which again must be distributed in full as winnings. No person under the age of 18 may be present in the room while bingo is taking place.[6]

8.10 Gaming Board figures indicate that at 31 March 2000 there were 1,100 clubs registered under Part II of the Gaming Act. There is no requirement for premises which play bingo under section 40 to register with the Gaming Board so there are no definitive figures on numbers.

Punters

8.11 Surveys have shown that bingo players are most likely to be older women and in social class V. The ONS survey found that women were twice as likely as men to play bingo. However it also found that bingo was most popular in two age groups: those over 75 and those aged 16-24.[7] The Prevalence Survey shows that, within the last year, 5% of men and 10% of women reported playing bingo. The highest scores were among those aged over 65. The smallest percentage was among the 45-54 year olds.[8]

8.12 The Prevalence Survey found that of all the gambling types surveyed, playing bingo was most closely related to social class, ranging from 3% in Social Class I to 20% in Social Class V. (see figure 8.i). Bingo is popular in the north (16%) and Scotland (20%), and less so in London (6%).[9]

8.13 According to the Bingo Association, 27% of those playing are without a partner.[10] Research in 1995 identified two major groups of bingo players: afternoon players and evening players. The common characteristics are shown in figure 8.ii

Admissions

8.14 The industry estimates that there are some 3 million active members of bingo clubs.[11] The Bingo Association reports that, despite considerable investment, the total number of admissions has not increased for over a decade. In 1999, there were an estimated 95 million admissions, with a continued overall decline.[12]

	Social class %						
	I	II	III NM	III M	IV	V	Total
Bingo	3	4	8	9	11	20	7

Source: Sproston, Erens & Orford (2000)

Figure 8.i: Bingo participation by social class

Afternoon players	Evening players
• Over 55 • Been playing bingo for 20yrs+ • Majority without a partner • Retired • Play bingo more frequently than evening players but spend less per visit • Strong loyalty to individual club • Greater emphasis on domestic concerns ie. Food quality and drink, friendliness of club	• Younger on average but all ages represented • 33% had played for 10yrs + • 25% had played for less than 3yrs (18-25yrs) • Players visited less but spent more • Greater inclination to switch clubs if offered better prizes or facilities

Figure 8.ii: Characteristics of afternoon and evening bingo players

5- Ibid **6-** Ibid **7-** Office for National Statistics (2001) **8-** Sproston, Erens & Orford (2000) 19 **9-** Office for National Statistics (2001) **10-** Bingo Association (2) (2000) 11 **11-** Gaming Board for Great Britain (2000) 32 **12-** Bingo Association (2) (2000) 6

Average spend

8.15 There are a number of ways of calculating the amount spent by individual players on bingo. The industry estimates that, in general terms, the average customer spends £15-20 a night at bingo (making no allowance for winnings) including entrance, bingo tickets, other gaming and refreshments. Industry figures show a net spend per visitor on bingo tickets of £8.44.[13] (This is the average amount spent per player, net of winnings and all other spending within the club.) The Prevalence Survey surveyed the amount spent on bingo tickets (stake only) each week. On average, women had spent £7.90, compared with £5.10 by men. Overall, the mean stake for bingo per week was £7.20. This was over twice as high as the average stake for the other three activities surveyed in the same grouping (the National Lottery Draw, other lotteries and the football pools). The percentage of people who had spent at least £10 was considerably higher than for the other activities. One in four women who had played bingo in the last week had spent over £10 on tickets.[14]

The Industry

8.16 The information in this section relates to licensed bingo clubs.

Trade Association

8.17 From 1996, two trade associations represented the bingo industry, the Bingo Association of Great Britain and the British Bingo Operators Association. The two trade associations merged in 1998 to form the Bingo Association. The Bingo Association now represents 111 operators with 540 clubs, accounting for 74% of the industry.[15]

Industry size and structure

8.18 Bingo club numbers peaked in 1974 when there were over 1,800 licensed bingo clubs.[16] The number of licensed clubs gradually declined in the 1980s. By 1990, there were 1,011. The number fell further over the next decade. The Gaming Board reported in 1999-2000 that there were 743 clubs holding gaming licences.[17]

8.19 The two largest operators are currently Gala Leisure and Mecca Bingo. Between them, they operate around 40% of all the bingo clubs in Britain. Gala Leisure is the largest operator of licensed bingo clubs with 173 clubs across Britain.[18] It has operated bingo clubs since the early 1970s. Mecca Bingo Limited is part of the Rank Organisation and operates 124 bingo clubs around the UK.[19] Mid-sized operators hold licences for less than 30% of clubs. One operator holds certificates of consent for 40 clubs and another for 25 clubs. Other mid-size operators hold certificates of consent for between 5 and 19 clubs. The remaining one-third of certificates is held by singleton operators or by those with fewer than five clubs. Around 90 clubs are sited in holiday camps, some of which only operate on a seasonal basis.[20]

Industry trends

8.20 The Bingo Association split the industry into four categories of club:

- new builds, which are newly constructed, purpose built bingo clubs;
- traditional clubs, which are old style bingo halls;
- non-National Bingo Game Association (non-NBGA); and
- seasonal clubs, typically found at the seaside or in holiday camps.

13- Bingo Association (2) (2000) 12 **14-** Sproston, Erens & Orford (2000) 34 **15-** Bingo Association (2) (2000) 1 **16-** Ibid, 4 **17-** Gaming Board (2000) 29 & 27
18- Gala Leisure (2000) 4 **19-** Rank Group (2000) 1 **20-** Gaming Board (2000) 27