

Agenda Item 7a(i) on Council agenda

Strategic Management Team Lead Officer	Nick Gray, Strategic Director (Section 151 Officer)
Author	Graham Whiting, Senior Accountant (Treasury)
Telephone	Tel: 01306 879148
Email	graham.whiting@molevalley.gov.uk
Date	27 th September 2012

Subject	Treasury Management – Annual Report and Prudential Indicators – 2011/2012
----------------	---

RECOMMENDATIONS

1. That the Audit Committee is asked to consider the Prudential Indicators report for 2011/2012, note the Treasury Management Annual Outturn and recommend to Council.
2. Consider the amendment to the short-term rating for counterparties from P-1 to P-2 (see paragraphs 8.4 to 8.11) and if in agreement with the change recommend this to Council.

EXECUTIVE SUMMARY

This report reviews the performance of the Prudential Indicators and Treasury Management Strategy and Annual Plan 2011/2012 as agreed by Council on 22nd February 2011.

The report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003. The primary requirements of the Codes are the:

- Creation and maintenance of a Treasury Management Policy Statement (TMPS) that sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices (TMPs) that set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by Council of an annual strategy report for the year, a mid-year treasury update report and a subsequent annual review report (this report) after the end of the financial year.

Recent changes in the regulatory environment place a much greater onus on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

Council have delegated the responsibilities for implementing and monitoring treasury management policies and practices to the Audit Committee and for the operation and administration of treasury management decisions to the Strategic Director (Section 151 Officer), who will act in accordance with the organisation's treasury management policy statement and TMP's, and CIPFA's Standard of Professional Practice on Treasury Management.

In summary, the Council's in-house team achieved a rate of return on investments of 1.39%. The Council achieved an overall return of £378,000 in 2011/12 and investment balances at balance sheet dates reduced from £22.750m (31/03/11) to £20.655m (31/03/12), reflecting financing of the capital programme. The 2011/12 financial year continued the challenging environment of previous years with low investment returns and continuing counterparty risk.

In conducting the treasury management activities of the Council there were no breaches of the agreed Strategy and the in-house team operated within the Prudential Indicators set by Council.

1. **Background**

1.1 Treasury management is defined as:

"The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.2 The annual treasury management outturn report for 2011/12 covers:

- The economy and interest rates
- The Council's capital expenditure and financing
- Investment rates
- The borrowing strategy
- The borrowing outturn
- Compliance with treasury limits and Prudential Indicators
- Investment strategy
- Investment outturn
- Debt rescheduling

2. **The economy and interest rates in 2011/12**

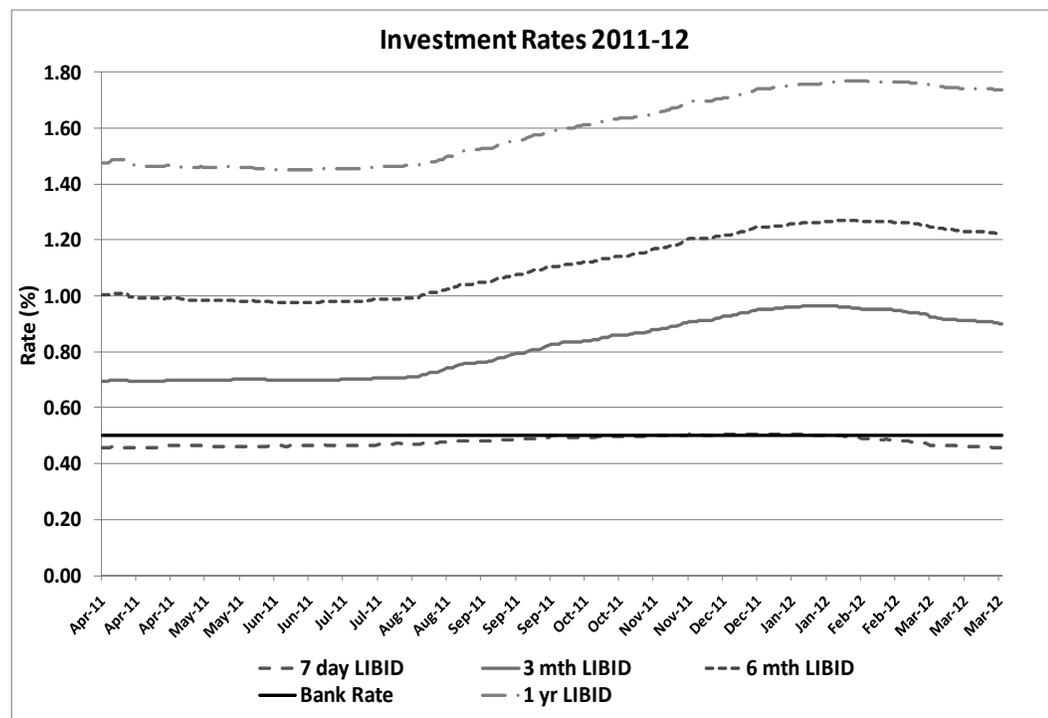
2.1 The financial year 2011/12 continued the challenging investment environment of previous years, namely low investment returns and continuing heightened levels of counterparty risk. The original expectation for 2011/12 was that Bank Rate would start gently rising from quarter 4 in 2011. However, economic growth in the UK was disappointing during the year due to the UK austerity programme, weak consumer confidence and spending, a lack of rebalancing of the UK economy to exporting and weak growth in its biggest export market - the European Union (EU).

2.2 The UK coalition Government maintained its tight fiscal policy stance against a background of warnings from two credit rating agencies that the UK could lose its AAA credit rating. Key to retaining this rating will be a return to strong economic

growth in order to reduce the national debt burden to a sustainable level, within the austerity plan timeframe.

- 2.3 The USA and France lost their AAA credit ratings from one rating agency during the year. Weak UK growth resulted in the Monetary Policy Committee (MPC) increasing quantitative easing by £75bn in October and another £50bn in February. The Bank Rate ended the year unchanged at 0.50% while Consumer Price Index (CPI) inflation peaked in September at 5.2%, finishing at 3.5% in March, with further falls expected to below 2% over the next two years. The EU sovereign debt crisis grew in intensity during the year until February when a second bailout package was eventually agreed for Greece.
- 2.4 Gilt yields fell for much of the year, until February, as concerns continued building over the EU debt crisis. This resulted in safe haven flows into UK gilts which, together with the two UK packages of quantitative easing during the year, combined to depress Public Works Loans Board (PWLB) rates to historically low levels.
- 2.5 **Investment rates** – the tight monetary conditions following the 2008 financial crisis continued through 2011/12 with little material movement in the shorter term deposit rates. However, one month and longer rates rose significantly in the second half of the year as the Eurozone crisis grew. The Bank Rate remained at its historic low of 0.50% throughout the year while market expectations of the start of monetary tightening were gradually pushed further and further back during the year to the second half of 2013 at the earliest.
- 2.6 Overlaying the relatively poor investment returns were the continued counterparty concerns generated by the Euro zone sovereign debt crisis.

Bank rate v London Interbank BID (LIBID) investment rates



3. Capital Expenditure and Financing 2011/12

3.1 The Council finances capital expenditure resulting in an increase in long-term assets. These may either be;

- Financed immediately through the application of capital receipts, capital grants etc, or
- If insufficient financing is available the expenditure will give rise to a borrowing need

3.2 The Council finances capital expenditure out of capital reserves and does not currently have a borrowing need.

3.3 The table below shows how capital expenditure was financed over the past two years. The increase in actual expenditure over the estimate and subsequent financing was mainly as a result of additional disabled facility grant payments incurred together with the commencement of a number of new minor works projects.

	2010/11 Actual £000	2011/12 Estimate £000	2011/12 Actual £000
Total capital expenditure	20,049	3,446	4,797
Resourced by :			
Capital receipts	17,852	2,536	3,880
Capital grants	1,879	760	529
Capital reserves	283	150	388
Repairs & Renewals Fund	35	0	0
Total Resources Applied	20,049	3,446	4,797

4. Investment Rates in 2011/12

4.1 The market interest rates at the start and end of the year are shown below. As can be seen rates have stabilised albeit at historically low levels. The reduction in rates has a significant bearing on the interest earnings of the Authority on internal investments and will do so moving forward.

Market Rates:

Notice	31/03/10	31/03/11	31/03/12
	%	%	%
Overnight	0.25	0.25	0.40
1 Week	0.30	0.30	0.40
Call	0.25	0.25	0.25
2 Day	0.25	0.25	0.25
7 Day	0.40	0.25	0.25
1 Month	0.40	0.47	0.50
3 Months	0.50	0.70	0.80
6 Months	0.90	1.00	1.25
364 Day	1.30	1.50	1.70

5. **Borrowing strategy for 2011/12**

5.1 The major objectives to be followed in 2011/12 if there had been an underlying borrowing requirement were:

- To forecast average future interest rates and movements in future interest rates
- To secure the cheapest cost for financing capital schemes commensurate with future risk
- To ensure that the Council's debt free status is retained
- To manage the Council's short-term debt, if any so arises, ensuring prompt payment of interest and principal on the due dates

6. **Borrowing outturn for 2011/12**

6.1 The Council did not raise any funds through the money market or through the Public Works Loans Board (PWLB), either in the short or long term, during 2011/12. This has been the case since 1987. The Council's last external loan was repaid in February 1997 and Mole Valley became debt free on 1st April 1997.

7. **Compliance with Treasury Limits and Prudential Indicators**

7.1 During the financial year the Council operated within the Prudential Indicators 2011/12 – 2013/14 and Treasury Management Strategy and Plan 2011-12 as agreed by Council on 22nd February 2011. The outturn for the Prudential Indicators is detailed in Appendix A of this report.

8. **Investment Strategy for 2011/12**

8.1 The Council's investment strategy's primary objectives are safeguarding the repayment of the principal and interest of its investments on a timely basis first and ensuring adequate liquidity second, the investment return being a third objective.

8.2 The Council manages its investments in-house and invests with the institutions listed in the Council's approved lending list. The Council primarily invests for a range of periods less than one year dependent on the Council's cash flows, its interest rate view and the rates of interest on offer. The Base Rate remained at 0.50% for the duration of the financial year.

8.3 In light of continuing stresses on the world banking system, enhanced priority was given to security and liquidity in order to reduce counterparty risk. Sector, our treasury management advisors, view is that investments, with the exception of part government owned institutions, should be kept short during the ongoing market uncertainties. This would enable advantage to be taken quickly of an upturn in the money markets if rates increased.

8.4 **Change in Strategy during the year - short-term credit rating change**

The Strategy adopted in the original Treasury Management Strategy Report for 2011/12 approved by the Council on 22nd February 2011 was subject to revision during the year due to Moody's (credit rating agency) on 22nd June downgrading fifteen banks. UK banks RBS, Barclays and HSBC were among the names downgraded (Lloyds were also affected but dealt with separately).

- 8.5 The agency said that “All of the banks affected by today's actions have significant exposure to the volatility and risk of outsized losses inherent to capital markets activities”. Whilst recognising “the clear intent of governments around the world to reduce support for creditors” the framework was not in place by which they would allow a bank to fail. The move will make raising funds less easy to access through the markets and may offer a further explanation for the actions taken by the Bank of England and Government. The cheap availability of funds should reduce the pressure on UK banks in the market.
- 8.6 The downgrading has not adversely affected Mole Valley’s ability to invest funds, with one exception. The downgrading of Royal Bank of Scotland’s (RBS) short-term rating from P-1 to P-2 has meant that this bank was removed from the investment counterparty list. This effectively left the Authority in a state of technical breach with the current Treasury Management Strategy. One of the parameters in the Strategy states that counterparties must have a short-term rating of ‘P-1’.
- 8.7 A view was taken that the downgradings had little to do with a worsening of the long term viability of these banks but rather acknowledges central government’s policy of diminished financial support. It was concluded that RBS be retained on the counterparty list, recognising that if we were to remove them, it would mean that we would not have enough counterparties to effectively manage our investment portfolio. This could result in lower interest returns for the Council.
- 8.8 For information Moody’s short-term ratings are defined as follows;
Prime-1 (P-1) – Best ability to repay short-term debt.
Prime-1/Prime-2 (P-1/P-2) – Best ability or high ability to repay short term debt.
Prime-2 – (P-2) – High ability to repay short term debt.
- 8.9 Such issues have arisen in the past and it was agreed by Council (21/02/12) ‘That if any urgent and immediate changes to the Treasury Management (TM) Strategy are required they will be delegated to the Strategic Director (Section 151 Officer) in consultation with the Portfolio Holder for Finance and Chairman of Audit Committee. If all are in agreement the TM Strategy and Treasury Management Practices (TMP’s) will be modified to reflect this change. Ultimately any change will be ratified at the next available Council meeting after having been considered at the first available meeting of the Audit Committee’.
- 8.10 The appropriate agreement has been given as identified in paragraph 8.9 above. Confirmation is now required in amending the Treasury Management Strategy to reflect the change in short-term rating for counterparties from P-1 to P-2.
- 8.11 No institutions in which investments were made during 2011/12 had any difficulty in repaying principal and interest in full during the year.

9. **Investment outturn for 2011/12**

- 9.1 The Council’s investment policy is governed by Communities and Local Government (CLG) guidance, which was been implemented in the annual investment strategy approved by the Council on 22nd February 2011. This policy sets out the approach for selecting investment counterparties, and is based on credit ratings provided by the three main credit rating agencies. The rating criteria use the lowest common denominator method of selecting counterparties and

applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with the CIPFA Treasury Management Code of Practice. Credit rating information is supplied by our treasury management consultants.

9.2 Detailed below is the result of the investment strategy undertaken by the Council.

Internally Managed Funds

9.3 The Council maintained its investment activities during the year, as agreed by Council on 22nd February 2011.

9.4 During the year all investments were made in full compliance with the Council's treasury management policies and practices and the Council had no liquidity difficulties.

9.5 The limit to be placed with each counterparty remained at £7.5 million. The Council also operated a 'group limit', whereby the collective investment exposure to individual banks within the same banking group was restricted to a group total set also at £7.5 million.

9.6 The analysis below shows the activity undertaken on internally managed funds during 2011/12.

	£
Balance outstanding 01/04/11	22,750,000
Investments made during the year	116,064,000
	138,814,000
<u>Less:</u> Investments maturing during the year	118,159,000
	20,655,000

9.7 These investments generated interest of approximately £378,000 in the year (£310,000 in 2010/11), gross of all associated charges. Some good returns have been made on some short-term investments but the increase over the budget has been achieved by investing some funds longer-term, in particular attractive yields have been achieved on two 'cap and collar' investments. There has been no movement in the Base Rate since the 0.50% reduction on 5th March 2009 to the current level of 0.50%.

2011/2012	Original Estimate £	Actual Outturn £	Variance £
Internally Managed Funds	270,000	377,689	107,689

- 9.8 Mole Valley achieved a rate of return of 1.39% on its internally managed funds during the year, this was based on an average fund value of approximately £27,200,000. The formal method used to compare performance is to contrast the rate of return against the average un compounded 7-day LIBID rate (0.48% for 2011/12). The long-term 'cap and collar' deals previously alluded to have in part enhanced the return on internally managed funds when compared to the benchmark.
- 9.9 Detailed below is the result of the investment strategy undertaken by the Council.

	Average Fund Value	Rate of Return (gross of fees)	Rate of Return (net of fees)	Benchmark Return *
Internally Managed	£27,200,000	1.39%	1.30%	0.48%

* 7-day LIBID un compounded 0.48%

The un compounded rates are for internally managed funds and exclude the roll-up of principal and interest. Upon maturity of the investment, interest is paid over with the original principal sum.

Externally Managed Funds (Investec Asset Management)

- 9.10 This Fund was closed on 29th September 2010 and the balance was reinvested in higher yielding, but less liquid, alternative financial instruments. An average fee saving of £29,000 was also achieved by not using the services of the external fund manager.

10. **Debt rescheduling**

- 10.1 The Council did not raise any funds through the money market or through the Public Works Loans Board (PWL B) during the year. The last external loan was repaid in February 1997 and Mole Valley became debt free on 1st April 1997. Therefore, debt rescheduling was not an issue.

11. **Other Issues**

- 11.1 The Treasury Management Strategy Report for 2013/14 to 2015/16 will be coming to the November Audit Committee and will include plans for exploring other investment options.

12. **Corporate Implications**

12.1 **Legal Implications**

The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity.
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (no restrictions were made in 2011/12).
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act.

- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities.
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services.
- Under the Act the DCLG has issued Investment Guidance to structure and regulate the Council's investment activities. Updated guidance became available on 1st April 2010.

The Council has complied with all of the above relevant statutory and regulatory requirements that limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

12.2 **Financial and Risk Implications**

A high reliance on investment income can place the Council at significant risk of budget variation as interest rates rise and fall, which has an impact upon future Council Tax levels. The Council's Medium Term Financial Strategy addresses this risk and seeks to reduce this reliance over time.

Locking significant investments into long-term fixed deals means the Council has a potential disadvantage in a rising interest market, especially if the interest rate rises above the assumption made when the long-term deal was placed.

To mitigate this, the Council's in-house team predominantly invest up to periods of three months only, hence advantage can be taken of prevailing interest rates upon the investments maturity. This minimises the disadvantage whilst maintaining certainty over the level of future return and stability in planned future Council Tax levels. With interest rates remaining at historically low levels the Authority has made some longer term investments that are higher yielding, although less liquid. This has proved to be a good decision as interest rates have remained at low levels throughout the year.

12.3 **Equalities Implications** - None within the report

12.4 **Employment Issues** - None within the report

12.5 **Sustainability Issues** - None within the report

12.6 **Consultation** - A number of meetings were convened during the year involving Sector, Members and Officers.

13. **BACKGROUND PAPERS**

Performance management information from Sector.
2011/12 final accounts working papers.

APPENDIX A

1. PRUDENTIAL INDICATORS AND COMPLIANCE ISSUES

- 1.1 The 2003 Prudential Code for Capital Finance in Local Authorities requires that actual prudential indicators be reported after the year-end. The table below summarises the key prudential indicator performance for 2011/12.
- 1.2 The Council at its meeting on 22nd February 2011 adopted the prudential indicators for 2011/12.

2010/11	Prudential Indicator	2011/12
<i>Actual</i>		<i>Actual</i>
CAPITAL EXPENDITURE / AFFORDABILITY		
<i>£000's</i>	Capital Expenditure	<i>£000's</i>
20,049	Non Housing Revenue Account	4,797
20,049	Total	4,797
<i>£000's</i>	Capital Financing Requirement	<i>£000's</i>
3,921	Non Housing Revenue Account	3,762
3,921	Total	3,762
%	Ratio of Financing Costs to Net Revenue Stream	%
5	Non Housing Revenue Account	6
5	Total	6
TREASURY MANAGEMENT		
<i>£000's</i>	External Debt	<i>£000's</i>
0		0

Capital Financing Requirement (CFR)

- 1.3 The CFR is derived from the authority's balance sheet and measures its underlying need to borrow for a capital purpose. This Authority fully finances its capital expenditure (including the value of assets acquired under finance leases) without borrowing. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically by the Authority that has yet to be finalised.
- 1.4 In accordance with best practice this authority does not associate borrowing with particular items or types of expenditure, in day-to-day cash management no distinction can be made between capital cash and revenue cash. Any external borrowing would arise as a consequence on all financial transactions whereas this measure reflects the authority's underlying need to borrow for a capital purpose only.

Net Borrowing and the CFR

- 1.5 In order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2011/12 plus the expected changes to the CFR over 2012/13 and 2013/14. The Council has complied with this prudential indicator.

The Authorised Limit

- 1.6 The Authorised Limit is the "Affordable Borrowing Limit" required by S3 of the Local Government Act 2003 irrespective of its indebted status. The introduction of International Financial Reporting Standards (IFRS) required finance leases to be included under other long-term liabilities on the balance sheet. A limit of £5.5m was used for the Authorised Limit. The actual outturn was £3.8m for finance lease liabilities. There was no borrowing during 2011/12.

The Operational Boundary

- 1.7 The Operational Boundary is the expected borrowing position of the Council during the year, and periods where the actual position is either below or over the Operational Boundary is acceptable subject to the Authorised Limit not being exceeded. A limit of £4m was used for the Operational Boundary. The actual outturn was £3.8m for finance lease liabilities. There was no borrowing during 2011/12.

Actual financing costs as a proportion of net revenue stream

- 1.8 This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. Since the Council is a debt free authority this indicator is not relevant.
- 1.9 A "debt free" authority does not incur financing costs because it does not have any long-term debt. Instead, this indicator measures the investment income earned by the Council as a percentage of the Council Tax budget requirement, so as to show the level by which investment income is being used to underpin the Council's operational budget.

Agenda Item 7a(ii) on Council agenda

Strategic Management Team Lead Officer	Nick Gray – Strategic Director
Author	Nick Gray – Strategic Director
Telephone	01306 879346
Email	nick.gray@molevalley.gov.uk
Date	27 th September 2012

Ward (s) affected	N/A
--------------------------	-----

Subject	Audit Committee Terms of Reference and Workplan 2012/13
----------------	---

RECOMMENDATIONS

The Audit Committee is asked to:

- Endorse or amend the revised Audit Committee Terms of Reference, (Annexe B), as appropriate, and recommend these to Council, for inclusion within the Council’s constitution.
- Endorse or amend the proposed workplan for the Audit Committee for 2012/13, (Annexe C), as appropriate.

EXECUTIVE SUMMARY

In June 2012 a workshop of the Audit Committee and senior officers considered a verbal report from the Council’s Internal Auditor, which looked at the Terms of Reference and operation of the Audit Committee in order to review its current effectiveness and identify any possible improvements. (The current Terms of Reference, (ToR), of the Audit Committee are shown at Annexe A).

The Internal Auditor suggested that the Audit Committee was working effectively and that the creation of an Audit Committee, separate from the Scrutiny Committee, had been a positive development. The internal Auditor went on to suggest that the effectiveness of the Committee could be improved still further by a small number of amendments to the ToR of the Committee, and some minor changes to its operation. In particular the Internal Auditor recommended:

Terms of Reference:

- It should be clarified that the role of the Audit Committee in relation to treasury management is explicitly one of scrutiny, not one of recommending or developing strategy.
- ToR 11 relating to the review of performance should be removed, as it is not a statutory function, and duplicates the functions of Scrutiny Committee. Performance should only be reviewed to the extent that it impacts on the risk

environment and the control framework.

- ToR should include the review of effectiveness of Internal Audit.

Operation of Committee:

- The Audit Committee should produce an Annual Report to Council, Setting out how it has discharged its responsibilities.
- Agendas should identify the ToRs that are being addressed by each item.
- Audit Committee should consider a 'round table' format, rather than holding meetings in the Council Chamber. This would aid an open informal conversational style of meeting.

The workshop broadly agreed all these recommendations, with the exception of the proposal for 'round table' meetings. To hold the meetings anywhere other than the Council Chamber would have meant that the meetings could not be web-cast, which was not considered acceptable.

Consequently, revised Terms of Reference which incorporate these changes are set out at Annexe B. This also sets out the key actions/reports that it is recommended the Audit Committee undertakes/considers each year in order to meet its responsibilities.

Based on these, Annexe C sets out a proposed Workplan for the remainder of 2012/13, and the beginning of 2013/14, (in order that a full annual cycle is demonstrated).

It is worth noting that the work of other Committees etc is often very variable and unpredictable, being dependent on current policies, objectives, projects etc. However, the role of the Audit Committee is about the ongoing proper administration of the Council, the understanding and management of risk, and the maintenance of effective control mechanisms. These are very largely independent of the policies of the day, and as such most of the work of Audit Committee is regular and routine, but absolutely vital nonetheless.

CORPORATE IMPLICATIONS

Legal Implications – The proper constitution and operation of an Audit Committee is a key statutory duty of The Council

Financial Implications – This report has no direct financial implications, but the effective operation of the Audit Committee is fundamental to the effective financial management of the Council.

Reputational Implications – The effective operation of the Audit Committee is a key element of the control framework aimed at managing risk and ensuring effective governance and financial control. A failure in any part of this framework could lead to an outcome which has major reputational implications.

Risk Implications – See 'Reputational Implications' above.

Equalities Implications – No direct implications.

Employment Issues – No direct issues.

Sustainability Issues – No direct issues.

Consultation - None.

BACKGROUND PAPERS

None.

Item 7a(ii) Annexe A**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

The Council will appoint an Audit Committee to discharge the Audit functions conferred on the Council as follows:-

1. To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
2. To approve the Council's internal audit strategy, work plans and to monitor performance against the agreed strategy
3. To review the quarterly internal audit reports and the main issues arising, and to seek assurance that appropriate actions have been taken where necessary.
4. To consider the reports of external audit and other inspection agencies and to seek assurances that action is being taken on risk related issues identified.
5. To consider the effectiveness of the Council's corporate counter fraud arrangements.
6. To be satisfied that the authority's assurance statements, including the Statement of Corporate Governance and Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
7. To receive the annual statutory report of the Head of Internal Audit.
8. To review and scrutinise the financial statements, external auditors' opinion and reports to members and monitor management action in response to the issues raised by external audit.
9. To oversee the implementation of the Accounts and Audit Regulations 2003/533 (as amended or replaced) including the Statement of Accounts and the Council's Statement of Accounting Policies.
10. To receive reports in respect of the Council's Treasury Management functions and to make recommendations to the Council relating to those elements which can be determined by the Council only.
11. To review the Council's performance, including a review of service plans and financial commitments and a review of the previous quarter's performance and subsequent action taken by the Executive.
12. To maintain an overview of the Council's contract procedure rules and financial regulations, where appropriate.
13. To consider other matters as referred to the Committee by the Chief Executive or Section 151 Officer.

Item 7a(ii) Annexe B**DRAFT TERMS OF REFERENCE OF THE AUDIT COMMITTEE
(SEPTEMBER 2012)**

The Council will appoint an Audit Committee to discharge the Audit functions conferred on the Council as follows:-

Key Responsibility

1. To provide The Council with:
 - independent assurance of the adequacy of the risk management framework and the associated control environment;
 - independent scrutiny of the authority's financial and non-financial activities and performance to the extent that it affects the authority's exposure to risk and weakens the control environment;
 - and to oversee the financial reporting process.

Primary action: to produce an annual report on the Committee's work, for Council, (June).

External Reporting

2. To consider the reports of external audit and other inspection agencies and to seek assurances that action is being taken on risk related issues identified.
3. To be satisfied that the authority's assurance statements, including the Statement of Corporate Governance and Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
4. To review and scrutinise the financial statements, external auditors' opinion and reports to members and monitor management action in response to the issues raised by external audit.
5. To oversee the implementation of the Accounts and Audit Regulations 2003/533 (as amended or replaced) including the Statement of Accounts and the Council's Statement of Accounting Policies.

Primary actions: to receive the Council's draft unaudited accounts for the previous year, (June);
to receive the External Auditor's plan for the audit of those accounts, (June);
to receive the External Auditor's Annual Governance Report and audit opinion on those accounts, (September);
to approve the Council's final annual accounts for the previous year, (September);
To receive the External Auditor's Annual Audit Letter, (November).

Internal Audit

6. To approve the Council's internal audit strategy and work plans, and to monitor performance against the agreed strategy.
7. To review internal audit reports and the main issues arising, and to seek assurance that appropriate actions have been taken where necessary.
8. To review the effectiveness of Internal Audit.

Primary actions: to receive annually, the draft audit strategy/plan for the coming year, (March);
to receive three quarterly updates on delivery against the current year plan, (September, November, March);
to receive annually the statutory report of the Head of Internal Audit, (June).

Treasury Management

9. To scrutinise the Council's Treasury Management strategy and functions.

Primary actions: to receive an annual Treasury Management Strategy report, for the following year, (November);
to receive a Treasury Management Mid-Year Monitoring report, identifying performance against the Strategy, (November);
to receive a Treasury Management Annual Report, setting out performance for the previous year, (September).

Risk Management

10. To scrutinise The Council's risk management arrangements.

Primary actions: to receive an annual Risk Management Report, (March)

Counter Fraud

11. To scrutinise the Council's corporate counter fraud arrangements.

Primary action: to receive an annual Counter Fraud Report, (March)

Other

12. To maintain an overview of the Council's Contract Standing Orders and Financial Regulations.
13. To consider other matters as referred to the Committee by the Chief Executive or Section 151 Officer.

Primary action: to receive ad hoc reports, as appropriate.

AUDIT COMMITTEE WORKPLAN 2012/13

Thus 27 September: External Auditor's Annual Governance Report and Audit Opinion, (2011/12 Statement of Accounts)
(ToR 2,3,4,5)

Internal Audit Progress Report, Quarter 1 2012/13
(ToR 6,7,8)

Treasury Management Annual Report 2011/12
(ToR 9)

Thus 29 November: External Auditor's Annual Audit Letter 2011/12
(ToR 2,3,4,5)

Internal Audit Progress Report, Quarter 2 2012/13
(ToR 6,7,8)

Treasury Management Mid-Year Monitoring Report 2012/13
(ToR 9)

Treasury Management Strategy Report 2013/14
(ToR 9)

Tues 12 March: Internal Audit Progress Report, Quarter 3 2012/13
(ToR 6,7,8)

Internal Audit Strategy 2013/14 and Beyond
(ToR 6,7,8)

Annual Risk Management Report 2013
(ToR 10)

Annual Counter Fraud Report 2013
(ToR 11)

June 2013 (date tbc): Audit Committee Annual report 2012/13
(ToR 1)

Draft Statement of Accounts/Annual Governance Statement,
2012/13
(ToR 2,3,4,5)

External Audit Plan, 2012/13 Accounts
(ToR 2,3,4,5)

Annual Internal Audit Report 2012/13
(ToR 6,7,8)

(NB ToR = Term(s) of reference)

Agenda Item 7b on Council agenda

Executive Member	Councillor James Friend
Strategic Management Team Lead Officer	Richard Haddad, Environmental Health Manager
Author	John Pleasance, Senior Licensing Officer
Telephone	01306 879351
Email	John.pleasance@molevalley.gov.uk
Date	10 th October 2012 (considered by Licensing Committee)

Subject	Gambling Act 2005 – Statement of Principles
----------------	---

RECOMMENDATIONS

1. The Licensing Committee is requested to consider the document and make any comments, amendments or additions to the Statement of Principles before it goes out to consultation.
2. That the Council be recommended, following the consultation period to adopt the Gambling Act 2005 – Statement of Principles for the next three years, subject to any further additions that may need to be included during that period.

The draft “Statement of Principles” with revisions as indicated is attached at Appendix A. The existing “Statement of Principles” is attached at Appendix B.

SUMMARY

The Council introduced the Statement of Principles under the Gambling Act 2005 in January 2010. Every three years the Council must review this policy statement, consult on any proposed changes and then adopt a new policy. The document attached is the draft Statement of Principles policy

The Licensing Committee is invited to consider the draft policy for prior to going out to consultation with those consultees as detailed at Paragraph 5.7. At the conclusion of the consultation period to be returned by the 13th November 2012, the draft policy, after consideration of the responses to the consultation period will be recommended to the Council for adoption.

The Council as Licensing Authority for the District of Mole Valley is the appropriate authority in accordance with Section 2 of the Gambling Act 2005. The ‘Statement of Principles’ has been compiled under Section 25 of the Act following the ‘Guidance to Licensing Authorities’ from the Gambling Commission.

The Council is required to adopt the three year “Statement of Principles” relating to Section 349 of the Gambling Act 2005 which states:

- (1) A licensing Authority shall before each successive period of three years -
 - (a) prepare a statement of the principles that they propose to apply in exercising their functions under this Act during that period, and
 - (b) publish the statement

CORPORATE PRIORITIES

The Statement of Principles, once approved, will form part of the Council's Gambling Policy and will be used in the determination of gambling applications received throughout the district. In line with the Council's priority concerning access to services and listening to its communities, key stake holders will be consulted on this revised Policy and their comments will be taken into account to ensure that the policy is both accessible to applicants, is in line with legislative requirements and protects the character of Mole Valley.

BACKGROUND

1 Background

- 1.1 The Council as the Licensing Authority for Mole Valley is obliged to compile and implement a Statement of Principles in accordance with the provisions of the Gambling Act 2005 and the "Guidance to Local Authorities" from the Gambling Commission issued under Section 25 of that Act. This statement has to be revised every three years.
- 1.2 The original statement has been amended in accordance with changes to the legislation.
- 1.3 Once the Licensing Committee is content with the draft policy it will be put out for consultation to those consultees as detailed at Paragraph 5.7 below.
- 1.4 Thereafter, subject to any amendments as a result of responses to the consultation, the Policy will be submitted to Council on 4th December for adoption and the new Statement of Principles will be published in accordance with Section 349 of the Gambling Act 2005.

2 Supporting Information

- 2.1 The 'Guidance to Licensing Authorities' 3rd Edition May 2009, from the Gambling Commission
- 2.2 The Gambling Act 2005
- 2.3 LACORS Statement of Principles Template

3. Time Constraints

- 3.1 The Council is required to have its Statement in place prior to the 3rd January 2013.

4 Options

- 4.1 The Licensing Committee accepts the draft Statement of Principles based on the revised Guidance to Licensing Authorities issued by the Gambling Commission in May 2009 and the guidance issued by LACORS published May 2009.
- 4.2 The Licensing committee does not accept the amendments and refers back to the Senior Licensing Officer with further recommendations.

5 Corporate Implications

- 5.1 **Legal Implications** – The Council is required under S.349 of the Gambling Act 2005 to prepare and publish every three years a statement of the principles it proposes to apply when exercising its functions under the Act and to review from time to time. Failure to adopt the statement of principles will result in the Council being unable to consider the revised statement when considering applications under the Act.
- 5.2 **Financial and Risk Implications** – None identified
- 5.3 **Equalities Implications** – None identified
- 5.4 **Employment Issues** - None identified
- 5.5 **Sustainability Issues** – None identified
- 5.6 **Consultation** – the Consultees to be contacted regarding this Statement of Principles are as follows:

British Amusement Catering Trade Association
Bar Entertainment and Dance Association
British Beer and Pub Association
British Holiday and Home Parks Association
Federation of Licensed Victuallers
Remote Gambling Association
Responsibility in Gambling Trust
GamCare
Gamblers' Anonymous
Dan Miller, Police Licensing Officer
Surrey Fire & Rescue Service
Health & Safety Executive
County Child Employment Enforcement & Strategy Manager
William Hill Organisation Ltd
Coral Racing Ltd
Ladbrook Betting & Gaming Limited
Ashtead Football Club
Ashtead Village Club
Brockham Village Hall Club
Elizabethan Sports & Social Club
Betchworth Park Golf Club
Leatherhead Constitutional Club
Goodwyns Community Association
Grove House Club (Dorking) Limited
Leatherhead and District Social Club
Leatherhead Golf Club
North Holmwood Sports Club
Newdigate Sports and Social Club
Royal British Legion
Rusper Golf Club
South Holmwood Village Club
Westcott Village Club

APPENDIX A

Gambling Act 2005

Statement of Principles

(Revised January 2013)

This Statement of Licensing Principles was approved by Full Council on [INSERT DATE]

All references to the Guidance refer to the Gambling Commission's Guidance to Licensing Authorities, 4th Edition, published July 2012.

CONTENTS

		Page No.
1.	Introduction	
1.1	The Licensing objectives	3
1.2	Mole Valley District Council	3
1.3	Consultation	4
1.4	Declaration	4
1.5	Responsible authorities	4
1.6	Interested parties	5
1.7	Exchange of information	5
1.8	Enforcement	6
1.9	Licensing Authority Functions	7
2.	Premises Licences	
2.1	General Principles	8
2.2	Decision making – general	8
2.3	Location	8
2.4	Multiple licences/ layout of buildings	8
2.5	Conditions	9
2.6	Door supervisors	9
2.7	Adult gaming centres	10
2.8	Licensed family entertainment centres	10
2.9	Tracks	11
2.10	Casinos	12
2.11	Betting premises	12
2.12	Bingo	13
2.13	Temporary use notices	13
2.14	Occasional Use Notices	14
2.15	Travelling Fairs	14
2.16	Reviews	14
3.	Permits	
3.1	Unlicensed family entertainment centres	16
3.2	Alcohol licensed premises – gaming machine permits	16
3.3	Prize gaming permits	17
3.4	Club gaming and club machine permits	18
Annexe 1	Map of Mole Valley District	19
Annexe 2	Gambling – Classes of Gaming Machines and some specific offences	20

1. Introduction

1.1 The Licensing Objectives

The Gambling Act 2005 ('the Act') gives licensing authorities various regulatory functions in relation to gambling.

The main functions of licensing authorities are:

- Licensing premises for gambling activities
- Considering notices given for the temporary use of premises for gambling
- Granting permits for gaming and gaming machines in clubs and miners' welfare institutes
- Regulating gaming and gaming machines in alcohol licensed premises
- Granting permits to family entertainment centres for the use of certain lower stake gaming machines
- Granting permits for prize gaming
- Considering occasional use notices for betting at tracks
- Registering small societies' lotteries

The Gambling Commission will have responsibility for dealing with personal licences and operating licences.

Mole Valley District Council ('the Council' or 'licensing authority') is a licensing authority for the purposes of the Act.

In exercising most of their functions under the Act, licensing authorities must have regard to the licensing objectives as set out in section 1 of the Act. The licensing objectives are:

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

It should be noted that the Gambling Commission has stated: "The requirement in relation to children is explicitly to protect them from being harmed or exploited by gambling".

This licensing authority is aware that, as per Section 153, in making decisions about premises licences and temporary use notices it should aim to permit the use of premises for gambling in so far as it thinks it is:

- in accordance with any relevant code of practice issued by the Gambling Commission
- in accordance with any relevant guidance issued by the Gambling Commission
- reasonably consistent with the licensing objectives and
- in accordance with the authority's statement of licensing policy

1.2 Mole Valley District Council

Mole Valley District Council is situated in the County of Surrey, which contains 11 Councils in total, 2 District and 9 Boroughs. The Council area has a population of 80,287 (Census 2001) making it mid-way in the County in terms of population. In terms of area it is the third largest, covering 99.73 square miles.

There are approximately 34,502 dwellings within the district. The main urban areas are in the northern part and centred around Leatherhead, whilst the much greater southern area is predominantly rural with small villages whose focus is Dorking.

A map of Mole Valley District is attached at Annexe 1.

1.3 Consultation

This statement of policy has been prepared in consultation with the following persons/bodies: -

- The Chief Officer of Police
- One or more persons who appear to the authority represent the interests of persons carrying on gambling businesses in the authority's area
- One or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Gambling Act 2005

The statement of policy was published on the **INSERT DATE**, and comes into effect on the **31st January 2013**. It will remain in force for no more than 3 years, but may be reviewed at any time.

Deleted: 24th November 2009

Deleted: 0

1.4 Declaration

This statement of policy has been prepared with due regard to the licensing objectives, the guidance to licensing authorities issued by the Gambling Commission, and with due weight attached to any responses received from those consulted.

This statement of policy will not override the right of any person to make an application, make representations about an application, or apply for a review of a licence, as each will be considered on its own merits and according to the statutory requirements of the Act.

1.5 Responsible Authorities

The contact details of all the Responsible Authorities under the Act are available via the Council's website at <http://www.molevalley.gov.uk>.

In exercising the Council's powers under Section 157(h) of the Act to designate, in writing, a body that is competent to advise the authority about the protection of children from harm, the following principles have been applied:

- the need for the body to be responsible for an area covering the whole of the licensing authority's area.

- the need for the body to be answerable to democratically elected persons, rather than any particular vested interest group.

Having regard to the above principles, the Council designates the Surrey County Council's Safeguarding Support Service for Vulnerable People relating to Child Protection for this purpose.

1.6 Interested parties

Interested parties can make representations about licence applications, or apply for a review of an existing licence. The Act defines interested parties as persons who, in the opinion of the licensing authority;

- a) live sufficiently close to the premises to be likely to be affected by the authorised activities;
- b) have business interests that might be affected by the authorised activities; or
- c) represent persons who satisfy paragraph (a) or (b)

Whether or not a person is an interested party is a decision that will be taken by the Council on a case-by-case basis. However, the following factors will be taken into account:

- the size of the premises;
- the nature of the premises;
- the distance of the premises from the location of the person making the representation
- the potential impact of the premises (number of customers, routes likely to be taken by those visiting the establishment);
- the nature of the complainant. This is not the personal characteristics of the complainant but the interests of the complainant, which may be relevant to the distance from the premises. For example, it could be reasonable for an authority to conclude that "sufficiently close to be likely to be affected" could have a different meaning for (a) a private resident (b) a residential school for children with truanting problems and (c) residential hostel for vulnerable adults;
- the 'catchment' area of the premises (i.e. how far people travel to visit); and whether the person making the representation has business interests in that catchment area, that might be affected.

This list is not exhaustive and other factors may be taken into consideration in an individual case.

*The Council considers the following bodies/associations to fall within the category of those who represent persons living close to premises, or having business interests that might be affected by the authorised activities: -

- trade associations:
- residents' and tenants' associations;
- ward/county/parish councillors
- Members of Parliament

This list is not exhaustive and the Council may consider other bodies/ associations & persons to fall within the category in the circumstances of an individual case.

The Council may require written evidence that the person/ association/ body represents an interested party.

1.7 Exchange of Information

The Council regards the lawful and correct treatment of information as very important to the successful and efficient performance of the Council's functions, and to maintaining confidence between the people/ bodies we deal with and ourselves. We ensure that our organisation treats information lawfully and correctly.

The Council may share information in accordance with the following provisions of the Act: -

- Sections 29 & 30 (with respect to information shared between the Council and the Gambling Commission)
- Section 350 (with respect to information shared between the Council and the other persons listed in Schedule 6 to the Act)

In the exercise of the above functions, consideration shall also be given to the common law duty of confidence, the law relating to defamation, the guidance issued by the Gambling Commission and to the Council's policies in relation to data protection and freedom of information.

Any information shared between the Council and Surrey Police must also be carried out in accordance with the Surrey Information Sharing Protocol produced by the Surrey Community Safety Unit.

Any person wishing to obtain further information about their rights under the Data Protection Act 1998 or the Freedom of Information Act 2000 may view the Council's policies at Pippbrook, Dorking, Surrey, RH4 1SJ, or alternatively contact the Head of Legal Services on 01306 876124

1.8 Enforcement

The Council will adopt a risk-based approach to the inspection of gambling premises. This will allow for the targeting of high-risk premises, or those where a breach would have serious consequences. Premises that are low risk and/ or well run will be subject to a less frequent inspection regime.

Where necessary, appropriate enforcement (including prosecution under section 346 of the Act) will be carried out in a fair and consistent manner in accordance with

- Regulator's Compliance Code - Statutory Code of Practice for Regulators
- Mole Valley District Council Environmental Health Department Enforcement & Prosecution Policies

The Council will endeavour to avoid duplication with other regulatory regimes so far as possible.

The Council will adopt the principles of better regulation.

The licensing authority recognises that certain bookmakers have a number of premises within its area. In order to ensure that any compliance issues are recognised and resolved at the earliest stage, operators are requested to give the authority a single named point of contact, who should be a senior individual, and whom the licensing authority will contact first should any compliance queries or issues arise.

This licensing authority has adopted a risk-based inspection programme, based on;

- The licensing objectives
- Relevant codes of practice
- Guidance issued by the Gambling Commission, in particular at Part 36
- The principles set out in this statement of licensing policy

The main enforcement and compliance role for this licensing authority in terms of the Gambling Act 2005 is to ensure compliance with the premises licences and other permissions which it authorises. The Gambling Commission is the enforcement body for the operating and personal licences. It is also worth noting that concerns about manufacture, supply or repair of gaming machines are not dealt with by the licensing authority but should be notified to the Gambling Commission.

This licensing authority also keeps itself informed of developments as regards the work of the Better Regulation Executive in its consideration of the regulatory functions of local authorities.

1.9 Licensing Authority Functions

Licensing authorities are required under the Act to:

- Be responsible for the licensing of premises where gambling activities are to take place by issuing *Premises Licences*
- Issue *Provisional Statements*
- Regulate *members' clubs* and *miners' welfare institutes* who wish to undertake certain gaming activities via issuing Club Gaming Permits and/or Club Machine Permits
- Issue *Club Machine Permits to Commercial Clubs*
- Grant permits for the use of certain lower stake gaming machines at *unlicensed Family Entertainment Centres*
- Receive notifications from alcohol licensed premises (under the Licensing Act 2003) for the use of two or fewer gaming machines
- Issue *Licensed Premises Gaming Machine Permits* for premises licensed to sell/supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where there are more than two machines
- Register *small society lotteries* below prescribed thresholds
- Issue *Prize Gaming Permits*
- Receive and Endorse *Temporary Use Notices*
- Receive *Occasional Use Notices*
- Provide information to the Gambling Commission regarding details of licences issued (see section above on Exchange of Information)
- Maintain registers of the permits and licences that are issued under these functions

It should be noted that licensing authorities are not involved in licensing remote gambling at all, which is regulated by the Gambling Commission via operating licences

2. Premises Licences

2.1 General Principles

Premises licences are subject to the requirements set-out in the Gambling Act 2005 and regulations, as well as specific mandatory and default conditions which are detailed in regulations issued by the Secretary of State. Licensing authorities are able to exclude default conditions and also attach others, where it is believed to be appropriate.

2.2 Decision making - general

In accordance with Section 153 of the Act, the Council shall aim to permit the use of premises for gambling in so far as it thinks it is:

- in accordance with any relevant code of practice issued by the Gambling Commission
- in accordance with any relevant guidance issued by the Gambling Commission
- reasonably consistent with the licensing objectives and
- in accordance with the authority's Statement of Principles

The Council will not have regard to the expected demand for the facilities, which it is proposed to provide, nor the likelihood of the applicant obtaining planning permission or building regulations approval for the proposal.

Moral objections to gambling will not be considered by the Council, as they are not a valid reason for rejecting an application for a premises licence.

Each case will be considered on its individual merits. However, in order to assist applicants and objectors alike, this section sets out the general factors that will be taken into account by the Council when considering applications for premises licences.

2.3 Location

This licensing authority is aware that demand issues cannot be considered with regard to the location of premises but that considerations in terms of the licensing objectives are relevant to its decision-making. As per the Gambling Commission's Guidance to licensing authorities, this authority will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder. Should any specific policy be decided upon as regards areas where gambling premises should not be located, this statement will be updated. It should be noted that any such policy does not preclude any application being made and each application will be decided on its merits, with the onus upon the applicant showing how potential concerns can be overcome.

2.4 Multiple licences/ layout of buildings

Premises are defined in the Act as including 'any place', but no more than one premises licence can apply in relation to any one place. A single building can be subject to more than one premises licence, provided they are for different parts of the building and those parts can reasonably be regarded as being different premises.

Where multiple licences are sought for a building (or a discrete part of a building used for other non-gambling purposes), specific issues will need to be considered by the Council before such application(s) can be granted. These include:

- the ability of children to gain access to or observe gambling facilities (even accidentally) entrances and exits from parts of a building covered by more than one premises licence should be separate and identifiable so that the separation of different premises is not compromised and that people (and, in particular, children) do not drift into a gambling area.
- the compatibility of the 2 or more establishments; and
- the ability of the establishments to comply with the requirements of the Act.

In accordance with the Gambling Commission's guidance, an overriding consideration will be whether, taken as a whole, the co-location of the licensed premises with other facilities has the effect of creating an arrangement that otherwise would, or should, be prohibited under the Act.

2.5 Conditions

Conditions may be imposed upon a premises licence in a number of ways. These are

- (a) **Mandatory** – set by the Secretary of State (some are set out on the face of the Act) and some are prescribed in regulations, for all, or classes of licence;
- (b) **Default** –prescribed in regulations made by the Secretary of State, to be attached to all or classes of licences unless excluded by the licensing authority;
- (c) **Specific** – conditions that can be attached to an individual licence by the licensing authority.

Conditions imposed by the Council will be proportionate to the circumstances that they are seeking to address. In particular, this Council will ensure that premises licence conditions:

- Are relevant to the need to make the proposed building suitable as a gambling facility
- Are directly related to the premises and the type of licence applied for;
- Are fairly and reasonably related to the scale and type of premises; and
- Are reasonable in all other respects

Certain matters may not be the subject of conditions. These are:

- any condition on the premises licence which makes it impossible to comply with an operating licence condition;
- conditions relating to gaming machine categories, numbers, or method of operation;
- conditions which provide that membership of a club or body be required (the Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated); and
- conditions in relation to stakes, fees, winning or prizes

2.6 Door Supervisors

The Gambling Commission advises in its Guidance to licensing authorities that if a licensing authority is concerned that a premises may attract disorder or be subject to

attempts at unauthorised access (for example by children and young persons) then it may require that the entrances to the premises are controlled by a door supervisor, and is entitled to impose a premises licence condition to this effect.

Where it is decided that supervision of entrances/machines is appropriate for particular cases, a consideration of whether such supervisors need to be SIA licensed or not will be necessary. It will not be automatically assumed that they need to be licensed, as the statutory requirements for different types of premises vary (as per the Guidance, Part 33).

This requirement does not apply to door supervisors at licensed casino or bingo premises, who are exempt from the licensing requirements of the Private Security Industry Act 2001. The Council may however impose specific requirements on door supervisors at such premises if considered appropriate in an individual case.

2.7 Adult gaming centres

Persons operating an adult gaming centre must obtain an operating licence from the Gambling commission and a premises licence from the Council. The holder of an adult gaming centre premises licence may make available for use a number of category B gaming machines not exceeding 20% of the total number of gaming machines which are available for use on the premises and any number of category C or D machines. Premises in existence before 13 July 2011 are entitled to make available four category B gaming machines, or 20% of the total number of gaming machines, whichever is the greater. The holder of an adult gaming centre premises licence granted on or after 13 July 2011 but before 1 April 2014 is entitled to make available a maximum of four category B gaming machines or 20% of the total number of gaming machines, whichever is the greater; from 1 April 2014 these premises will be entitled to 20% of the total number of gaming machines only. Regulations state that category B machines at adult gaming centres are restricted to sub-category B3 and B4 machines, but not B3A machines.

(A full explanation of Gaming Machines is shown at [Appendix A](#))

In considering licence applications for adult gaming centres, weight will be given to the need to protect children and vulnerable persons from harm or being exploited by gambling. The Council will therefore expect applicants to demonstrate that there will be sufficient measures in place to promote this objective.

Applicants are encouraged to consider the following steps:

- Proof of age schemes
- CCTV
- Supervision of entrances / machine areas
- Location of the premises and entry to premises (so as to minimise the opportunities for children to gain access)
- Notices / signage
- Training for staff on challenging persons suspected of being under-age
- Specific opening hours
- Self-barring schemes
- Provision of information leaflets / helpline numbers for organisations such as GamCare.

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

Deleted: Persons operating an adult gaming centre must obtain an operating licence from the Commission and a premises licence from the Council. These Licences allow the operator to make up to **four** of either category B3 or B4 or any combination of both and **any** number of category C & D machines available to their customers - (category B3 machine = £1 stake limit + £500 prize limit; Category B4 machine = £1 stake limit + £250 prize limit; Category C = £1 stake limit + £70 prize limit; Category D machine = 10p stake limit + £5 cash or £8 non-cash prize limit). No one under the age of 18 is permitted to enter an adult gaming centre.¶

Please see paragraph 2.5 for details of conditions that may be attached to premises licences authorising adult gaming centres.

2.8 (Licensed) family entertainment centres

Operators of licensed family entertainment centres will require an operating licence from the Gambling Commission, and a premises licence from the Council. This will allow the operator to make **any** number of category C & D machines available to their customers - (category C = £1 stake limit + £70 prize limit; Category D machine = 10p stake limit + £5 cash or £8 non-cash prize limit).

Children and young persons will be able to enter licensed family entertainment centres and play on the category D machines. They will not be permitted to play on category C machines.

As family entertainment centres will particularly appeal to children and young persons, weight shall be given to child protection issues. Where category C machines are available in licensed family entertainment centres the Council will normally require that:

- all such machines are located in an area of the premises separate from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- only adults are admitted to the area where the machines are located;
- access to the area where the machines are located is supervised;
- the area where the machines are located is arranged so that it can be observed by staff of the operator or the licence holder; and
- at the entrance to and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

Applicants are therefore encouraged to consider the steps set out at paragraph 2.7 of this statement in order to prevent children and young persons from gaining access to category C machines. In addition, applicants are encouraged to consider the following:

- Physical separation of areas
- Measures / training for staff on how to deal with suspected truant school children on the premises

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

Please see paragraph 2.5 for details of conditions that may be attached to premises licences authorising licensed family entertainment centres.

2.9 Tracks

Tracks are sites (including racecourses and dog tracks) where sporting events take place. Operators of tracks will require a premises licence from the Council, but they do not need to obtain an operating licence from the Gambling Commission (although they may have one).

Tracks may be subject to one or more than one premises licence, provided each licence relates to a specified area of the track.

It will be a mandatory condition of all track licences that children and young persons are excluded from any areas where facilities for betting are provided, and any area where a gaming machine, other than a category D machine, is situated. Special dispensation from this rule is provided for dog tracks and horse racecourses, on days when racing takes place, in relation to the areas used for betting. On these days families will be entitled to attend the track or racecourse, and children enter the areas where facilities for betting are provided. This race day dispensation does not apply to the areas where gaming machines of category B & C are provided, and the Council will therefore wish to ensure that suitable measures are in place to prevent children from entering such areas.

Applicants are encouraged to consider the steps set out at paragraph 2.7 in order to prevent the access of children and young people to machines of category B & C. In addition, applicants are encouraged to consider the following

- Physical separation of areas
- Measures / training for staff on how to deal with suspected truant school children on the premises

Gaming machines – holders of betting premises licences in respect of tracks who also hold a pool betting operating licence may make available up to 4 gaming machines (categories B2 to D) on the track. The Council will therefore expect the applicant to demonstrate that suitable measures are in place to ensure that children are prevented from entering areas where machines (other than category D machines) are made available.

Betting machines at tracks - the Council will apply similar considerations to those set out in paragraph 2.11 (in relation to betting machines made available at off-course betting premises) to betting machines made available at tracks.

Condition on rules being displayed - the Council will attach a condition to track premises licences requiring the track operator to ensure that the rules are prominently displayed in or near the betting areas, or that other measures are taken to ensure that they are made available to the public. For example, the rules could be printed in the race card or made available in leaflet form from the track office.

Applications and plans - the Council will require the following information from applicants for premises licences in respect of tracks: -

- detailed plans for the racetrack itself and the area that will be used for temporary “on-course” betting facilities (often known as the “betting ring”)
- in the case of dog tracks and horse racecourses, details of the fixed and mobile pool betting facilities operated by the Tote or track operator, as well as any other proposed gambling facilities

Plans should make clear what is being sought for authorisation under the track betting premises licence and what other areas, if any, are to be subject to a separate application for a different type of premises licence.

2.10 Casinos

No Casinos resolution - The Council has not passed a 'no casino' resolution under Section 166 of the Gambling Act 2005, but is aware that it has the power to do so. Should the Council decide in the future to pass such a resolution, it will update this policy statement with details of that resolution.

2.11 Betting Premises

This paragraph deals with off-course betting, that is betting that takes place other than at a track (commonly known as a licensed betting office). Operators of betting premises will require an operating licence from the Gambling Commission and a premises licence from the Council.

The holder of a betting premises licence may make available for use up to 4 gaming machines of category B (B2, B3 or B4), C or D.

While the licensing authority has discretion as to the number and circumstances of use of betting machines, there is no evidence that such machines give rise to regulatory concerns. This authority will consider limiting the number of machines only where there is clear evidence that such machines have been or are likely to be used in breach of the licensing objectives. Where there is such evidence, this authority may consider, when reviewing the licence, the ability of staff to monitor the use of such machines from the counter.

Please see paragraph 2.5 for details of conditions that may be attached to betting premises licences.

2.12 Bingo

Operators of premises offering bingo (cash or prize) will require a bingo operating licence from the Gambling Commission, and a premises licence from the Council.

The holder of a bingo premises licence may, in addition to bingo in all its forms, make available for use up to 4 category B gaming machines (B3 & B4) and any number of category C & D machines.

It is important that if children are allowed to enter premises licensed for bingo that they do not participate in gambling, other than on category D machines. Where category C or above machines are available in premises to which children are admitted the Council will normally require that:

- all such machines are located in an area of the premises separate from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- only adults are admitted to the area where the machines are located;
- access to the area where the machines are located is supervised;
- the area where the machines are located is arranged so that it can be observed by staff of the operator or the licence holder; and

- at the entrance to and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

Please see paragraph 2.5 for details of conditions that may be attached to bingo premises licences.

2.13 Temporary Use Notices

Temporary use notices allow the use of premises for gambling where there is no premises licence but where a person or company holding a relevant operators licence wishes to use the premises temporarily for providing facilities for gambling.

A person holding the appropriate operating licence issued by the Gambling Commission can give a TUN (temporary use notice) in respect of a premises. Temporary Use Notices are limited to providing facilities for any form of 'equal chance' gaming where the people participating in the gaming are taking part in a competition which is intended to produce a single overall winner.

Effectively this limits a TUN to a competition of poker, bridge, cribbage or dominos. Therefore only the holder of a Casino Operating Licence can apply for a TUN. There are a number of statutory limits in regards to temporary use notices.

If objections are received to a temporary use notice (from the Police, Gambling Commission, HM Revenues & Custom or any other licensing authority in whose area the premises are situated), the Council must hold a hearing to consider the representation (unless all the participants agree that a hearing is unnecessary).

If the Council, after a hearing has taken place or been dispensed with, considers that the temporary use notice should not have effect, it must issue a counter-notice which may:

- prevent the temporary use notice from taking effect;
- limit the activities that are permitted;
- limit the time period of the gambling; or
- allow the activities to take place subject to a specified condition

The Council will apply the principles set out in paragraph 2.1 of this statement to any consideration as to whether to issue a counter-notice.

2.14 Occasional Use Notices

The licensing authority has very little discretion where an occasional use notice has been given by someone in respect of a track who intends to accept bets on a track, or to cause or permit premises to be used for the acceptance of bets, aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. This licensing authority will though check that the track is genuine. Section 353 of the Act defines a track as a horse racecourse, greyhound track or other premises on any part of which a race or other sporting event takes place or is intended to take place and whether the applicant is permitted to avail him/herself of the notice.

2.15 Travelling Fairs

This licensing authority is responsible for deciding whether, where category D machines and / or equal chance prize gaming without a permit are/is to be made available for use at travelling fairs, the statutory requirement that the facilities for gambling amount to no more than an ancillary amusement at the fair is met.

The licensing authority will also consider whether the applicant falls within the statutory definition of a travelling fair.

It is noted that the 27-day statutory maximum for the land being used as a fair applies on a per calendar year basis, and that it applies to the piece of land on which the fairs are held, regardless of whether it is the same or different travelling fairs occupying the land. This licensing authority will work with its neighbouring authorities to ensure that land which crosses our boundaries is monitored so that the statutory limits are not exceeded.

2.16 Reviews

Requests for a review of a premises licence can be made by interested parties or responsible authorities; however, it is for the licensing authority to decide whether the review is to be carried-out. This will be on the basis of whether the request for the review is relevant to the matters listed below;

That it is:

- in accordance with any relevant Code of Practice issued by the Gambling Commission;
- in accordance with any relevant guidance issued by the Gambling Commission;
- reasonably consistent with the licensing objectives; and
- in accordance with the authority's statement of principles.

The request for the review will also be subject to the consideration by this licensing authority as to whether the request is frivolous, vexatious, or whether it would not cause the licensing authority to alter/revoke/suspend the licence, or whether it is substantially the same as previous representations or requests for review.

Formatted: Font color: Auto

The licensing authority can also initiate a review of a particular premises licence, or a particular class of premises licence on the basis of any reason which it thinks is appropriate.

Once a valid application for a review has been received by the licensing authority, representations can be made by responsible authorities and interested parties during a 28 day period. This period begins 7 days after the application was received by the licensing authority, who will publish notice of the application within 7 days of receipt.

The licensing authority must carry out the review as soon as possible after the 28 day period for making representations has passed.

The purpose of the review will be to determine whether the licensing authority should take any action in relation to the licence. If action is justified, the options open to the licensing authority are:-

- (a) add, remove or amend a licence condition imposed by the licensing authority;
- (b) exclude a default condition imposed by the Secretary of State (e.g. opening hours) or remove or amend such an exclusion;
- (c) suspend the premises licence for a period not exceeding three months; and

(d) revoke the premises licence.

In determining what action, if any, should be taken following a review, the licensing authority must have regard to the principles set out in section 153 of the Act, as well as any relevant representations.

In particular, the licensing authority may also initiate a review of a premises licence on the grounds that a premises licence holder has not provided facilities for gambling at the premises. This is to prevent people from applying for licences in a speculative manner without intending to use them.

Once the review has been completed, the licensing authority must, as soon as possible, notify its decision to:

- the licence holder
- the applicant for review (if any)
- the Commission
- any person who made representations
- the chief officer of police or chief constable; and
- Her Majesty's Commissioners for Revenue and Customs

3. Permits

Deleted: -----Page Break-----

3.1 Unlicensed Family Entertainment Centre gaming machine permits

Unlicensed family entertainment centres will be able to offer category D machines if granted a permit by the Council. If an operator of a family entertainment centre wishes to make category C machines available in addition to category D machines, they will need to apply for an operating licence from the Gambling Commission and a premises licence from the Council.

The Council can grant or refuse an application for a permit, but cannot attach conditions.

As unlicensed family entertainment centres will particularly appeal to children and young persons, weight shall be given to child protection issues.

The Council will expect the applicant to show that there are policies and procedures in place to:

- Protect children from harm. (Harm in this context is not limited to harm from gambling but includes wider child protection considerations.)

The efficiency of such policies and procedures will each be considered on their merits, however, they may include appropriate measures, such as:

- Training for staff as regards suspected truant school children on the premises
- Measures / training covering how staff should deal with unsupervised very young children being on the premises, or children causing perceived problems on/around the premises.
- The Council will also expect applicants to demonstrate a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed family entertainment centres
- That the applicant has no relevant convictions (those that are set out in Schedule 7 to the Act); and that all staff are trained to have a full understanding of the maximum stakes and prizes.

Deleted: staff are

3.2 (Alcohol) Licensed premises gaming machine permits

There is an automatic entitlement to two gaming machines of category C or D, subject to the licence holder notifying the Council, paying the prescribed fee and complying with any relevant code of practice issued by the Gambling Commission. If the person ceases to be the holder of the on-premises alcohol licence for the premises, the automatic entitlement to the two gaming machines also ceases. In order to retain the entitlement to gaming machines, whoever applies for the new premises alcohol licence would also need to apply to the council with their intention to make the gaming machines available for use and paying the prescribed fee.

In addition, an application may be made for a licensed premises gaming machines permit, which allows for further category C or D machines to be made available in alcohol-licensed premises. There is no limit in the Act to the number of additional machines that may be authorised. This is a total figure and is not in addition to the two machines which can be sited automatically. The Council will determine this in each case, and specify this on the permit.

The Council shall determine what constitutes a relevant consideration on a case-by-case basis, but weight shall be given to the third Gambling Act licensing objective i.e. protecting children and vulnerable persons from being harmed or being exploited by gambling. To this end, the Council will expect applicants to demonstrate that there will be sufficient measures in place to ensure that under 18 year olds do not have access to the adult only gaming machines. Measures which will satisfy the authority that there will be no access may include the adult machines being in sight of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18. Notices and signage may also be of help

The Council can remove the automatic authorisation in respect of any particular premises if;

- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- gaming has taken place on the premises that breaches a condition of section 282 of the Act;
- the premises are mainly used for gaming; or
- an offence under the Act has been committed on the premises.

With respect to the protection of vulnerable persons, the Council will expect applicants to provide information leaflets / helpline numbers for organisations such as GamCare.

It is recognised that some alcohol-licensed premises may apply for a premises licence for their non-alcohol licensed areas. Any such application would most likely need to be applied for and dealt with as an Adult Gaming Centre premises licence (paragraph 2.7).

The Council can decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for. Conditions (other than these) cannot be attached.

Deleted: under section 282(2),

Deleted: notifying the licensing authority of

Deleted: , in accordance with section 283,

Deleted: Note that t

Deleted: This will be a matter for the

Deleted: to

Deleted: Premises licensed to sell alcohol for consumption on the premises can automatically have 2 gaming machines of categories C and/or D. The holder of the premises licence authorising the sale of alcohol will simply need to notify the Council, and pay the prescribed fee. ¶

Deleted: If there is a wish for premises to have more than 2 machines, then the holder of the premises licence will need to apply for a permit. The Council shall consider that application having regard to the Gambling Act licensing objectives, any guidance issued by the Gambling Commission issued under Section 25 of the Act, and any other matters that are considered relevant.¶

¶ The Council shall determine what constitutes a relevant consideration on a case-by-case basis, but weight shall be given to the third Gambling Act licensing objective i.e. protecting children and vulnerable persons from being harmed or being exploited by gambling. To this end, the Council will expect applicants to demonstrate that there will be sufficient measures in place to ensure that under 18 year olds do not have access to the adult only gaming machines. Measures which will satisfy the authority that there will be no access may include the adult machines being in sight of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18. Notices and signage may also be of help. ¶

Deleted:

The holder of a permit must comply with any Code of Practice issued by the Gambling Commission about the location and operation of the machine.

3.3 Prize gaming permits

The meaning of “Prize Gaming” – Gaming is prize gaming for the purpose of the Act if neither the nature nor the size of a prize played for is determined by reference to:

- a) the number of persons playing, or
- b) the amount paid for or raised by the gaming

Applicants for prize gaming permits should set out the types of gaming that he or she is intending to offer. The applicant should be able to demonstrate:

- that they understand the limits of stakes and prizes that are set out in regulations; and
- that the gaming offered is within the law.

In making its decision on an application for this type of permit the Council does not need to have regard to the Gambling Act licensing objectives but must have regard to any Gambling Commission guidance. Weight will be given to child protection issues, and relevant considerations are likely to include the suitability of the applicant (i.e. if the applicant has any convictions which would make them unsuitable to operate prize gaming) and the suitability of the premises. Applicants for prize gaming permits must disclose any previous relevant convictions to the Council.

The Council can grant or refuse an application for a permit, but cannot attach any conditions. However, there are 4 conditions in the Act that permit holders must comply with. These are:

- the limits on participation fees, as set out in regulations, must be complied with;
- all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
- the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
- participation in the gaming must not entitle the player to take part in any other gambling.

3.4 Clubs

The automatic entitlement to two gaming machines permitted by section 282 does not apply to clubs. However, the Act provides that the holder of a club gaming permit or club machine permit may make available for use on premises operated by a members' club, a commercial club or a miners' welfare institute, up to three machines of category B, C or D (that is, three machines in total). As well as clubs with alcohol licences, premises that are not licensed to sell alcohol, for example, works premises which operate membership-based social clubs, are able to apply to the council for club machine permits or club gaming permits. They need to have 25 members, be permanently established and be for the benefit of the members. The regulations state that category B machines for club machine permits are restricted to sub-category B3A and/or B4 machines, depending on

Deleted:

Deleted: gaming and club machine permits

Deleted: section 273

Deleted: R

the class of club. Commercial clubs are restricted to B4 machines only whereas members' clubs and miners' welfare institutes may site sub-category B3A and/or B4 machines.

Deleted:

Deleted: Members clubs may apply for a club gaming permit. The club gaming permit will enable the premises to provide gaming machines (three machines of categories B3A, B4, C or D), equal chance gaming and games of chance.

¶
If a club does not wish to have the full range of facilities permitted by a club gaming permit or if they are a commercial club not permitted to provide non-machine gaming (other than exempt gaming under section 269 of the Act), they may apply for a club machine permit, which will enable the premises to provide gaming machines (three machines of categories B3A, B4, C or D). Commercial clubs, however, will not be permitted to have category B3A gaming machines offering lottery games in their club.¶

Members clubs must have at least 25 members and be established and conducted "wholly or mainly" for purposes other than gaming, unless the gaming is permitted by separate regulations. It is anticipated that this will cover bridge and whist clubs, which will replicate the position under the Gaming Act 1968. A members' club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men's clubs, branches of Royal British Legion and clubs with political affiliations.

An application may only be refused on one or more of the following grounds;

- the applicant does not fulfil the requirements for a members' or commercial club and therefore is not entitled to receive the type of permit for which it has applied;
- the applicant's premises are used wholly or mainly by children and/or young persons;
- an offence under the Act or a breach of a condition of a permit has been committed by the applicant while providing gaming facilities;
- a permit held by the applicant has been cancelled in the previous ten years; or;
- an objection has been lodged by the Gambling Commission or the Police

The Council shall have regard to the guidance issued by the Gambling Commission and (subject to that guidance), the licensing objectives.

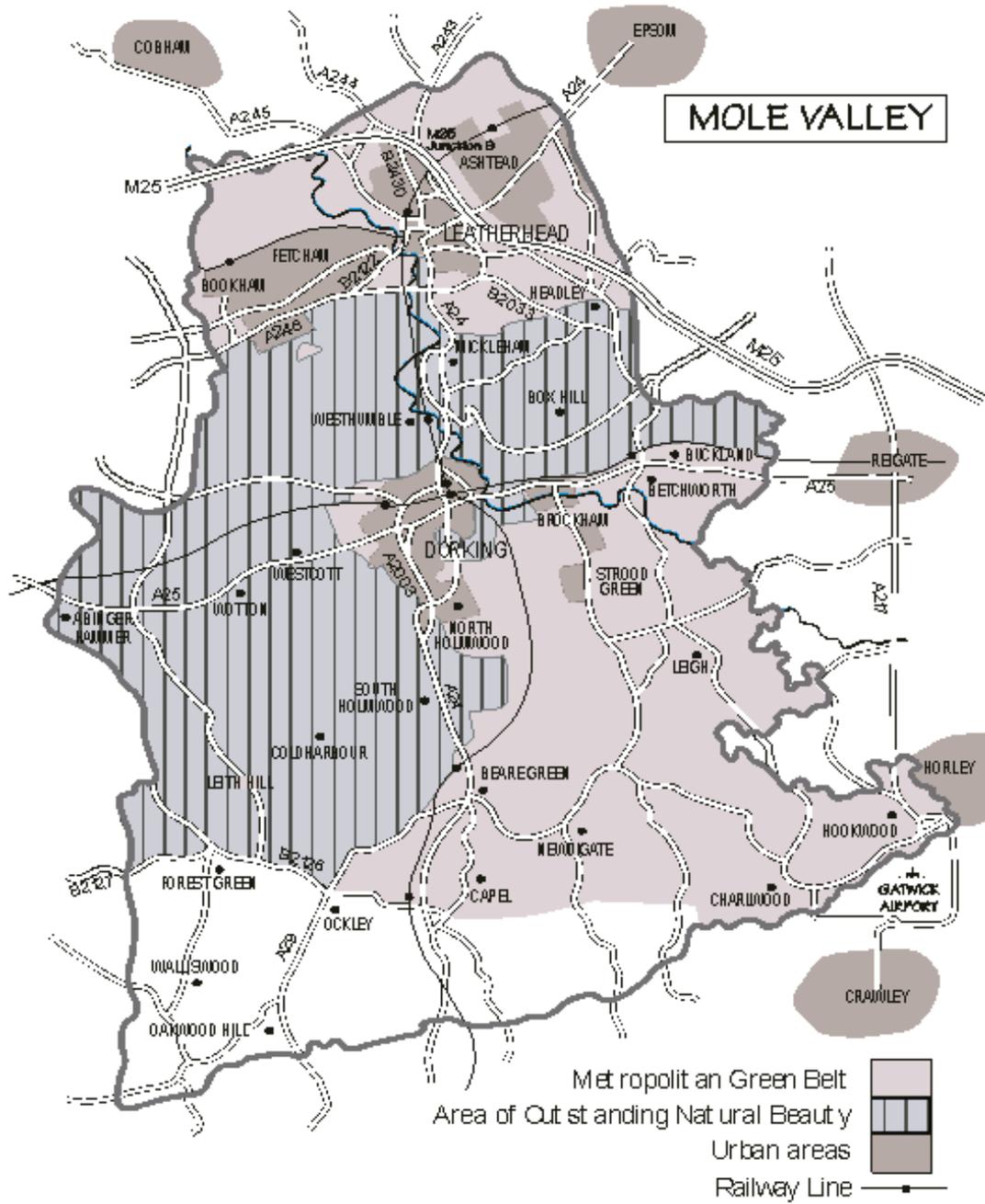
There is a 'fast-track' procedure available for clubs which hold a club premises certificate under the Licensing Act 2003. Under the fast-track procedure there is no opportunity for objections to be made by the Gambling Commission or the Police, and the grounds upon which an authority can refuse a permit are reduced.

The grounds on which an application under the fast track procedure may be refused are;

- that the club is established primarily for gaming, other than gaming prescribed under schedule 12;
- that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled.

The Council can grant or refuse an application for a club gaming or club machine permit, but cannot attach any conditions. However, there are a number of conditions in the Act that the holder must comply with.

ANNEXE 1 – MAP OF MOLE VALLEY DISTRICT



Appendix A: Summary of gaming entitlements for clubs and alcohol-licensed premises

	Members' club or MW institute with club gaming permit	Bridge or whist club	Members' club or commercial club with club machine permit	Members' club, commercial club or MW institute without a club gaming permit or club machine permit	Pubs and other alcohol-licensed premises
Equal chance gaming	Yes	Bridge and/or Whist only	Yes	Yes	Yes
Limits on stakes	No limit	No limit	Poker £1000 per week £250 per day £10 per person per game Other gaming No limit	Poker £1000 per week £250 per day £10 per person per game Other gaming No limit	Poker £100 per premises per day Other gaming £5 per person per game Cribbage & dominoes No limit
Limits on prizes	No limit	No limit	Poker £250 per game Other gaming No limit	Poker £250 per game Other gaming No limit	Poker £100 per game Other gaming No limit
Maximum participation fees – per person per day	Bridge and/or whist* £20 Other gaming £3	£18 (without club gaming permit) £20 (with club gaming permit)	Bridge and/or whist* £18 Other gaming £3 (commercial club) £1 (members' club)	Bridge and/or whist* £18 Other gaming £1	None permitted
Bankers or unequal chance gaming	Pontoon Chemin de Fer	None permitted	None permitted	None permitted	None permitted
Limits on bingo	Maximum of £2,000 per week in stakes/prizes. If more then will need an operating licence.	No bingo permitted	Maximum of £2,000 per week in stakes/prizes. If more then will need an operating licence.	Maximum of £2,000 per week in stakes/prizes. If more then will need an operating licence.	Maximum of £2,000 per week in stakes/prizes. If more then will need an operating licence.

*On a day when no other facilities for gaming are provided

Appendix B: Summary of gaming machine categories and entitlements

<u>Category of machine</u>			<u>Maximum stake (from July 2011)</u>	<u>Maximum prize (from July 2011)</u>
<u>A</u>	<u>No Category A machines are currently permitted</u>			
<u>B1</u>			<u>£2</u>	<u>£4,000</u>
<u>B2</u>			<u>£100 (in multiples of £10)</u>	<u>£500</u>
<u>B3A</u>			<u>£1</u>	<u>£500</u>
<u>B3</u>			<u>£2</u>	<u>£500</u>
<u>B4</u>			<u>£1</u>	<u>£250</u>
<u>C</u>			<u>£1</u>	<u>£70</u>
<u>D – non money prize (other than a crane grab machine or a coin pusher or penny falls machine)</u>			<u>30p</u>	<u>£8</u>
<u>D – non-money prize (crane grab machine)</u>			<u>£1</u>	<u>£50</u>
<u>D – money prize (other than a coin pusher or penny falls machine)</u>			<u>10p</u>	<u>£5</u>
<u>D – combined money and non-money prize other than a coin pusher or penny falls machine)</u>			<u>10p</u>	<u>£8 (of which no more than £5 may be money prize)</u>
<u>D – combined money and non-money prize (coin pusher or penny falls machine)</u>			<u>10p</u>	<u>£15 (of which no more than £8 may be a money prize)</u>

Appendix C: Summary of machine provisions by preemies

Premises type	Machine Category						
	A	B1	B2	B3	B4	C	D
<u>Large casino</u> (machine/table ratio of 5-1 up to maximum)	No category A gaming machines are currently permitted	Maximum Of 150 machines Any combination of machines in categories B to D (except B3A machines, within the total limit of 150 (subject to machine/table ratio)					
<u>Small casino</u> (machine/table ratio of 2-1 up to maximum)		Maximum 80 machines Any combination of machines in categories B to D (except B3A machines, within the total limit of 150 (subject to machine/table ratio)					
<u>Pre-2005 Act casino</u> (no machine/table ratio)		Maximum of 20 machines categories B to D (except B3A machines), or any number of C of D machines instead					
<u>Betting premises and tracks occupied by pool betting</u>		Maximum of 4 machines categories B2 to D (except B3A machines)					
<u>Bingo premises</u>		Maximum of 20% of the total number of gaming machines which are available for use on the premises categories B3 or B4**			No limit on category C or D machines		
<u>Adult Gaming Centre</u>		Maximum of 20% of the total number of gaming machines which are available for use on the premises categories B3 or B4**			No limit on category C or D machines		
<u>Family entertainment centre (with premises licence)</u>					No limit on category C or D machines		
<u>Family entertainment centre (with permit)</u>					No limit on category C or D machines		
<u>Clubs or miners' welfare institute (with permits)</u>		Maximum of 3 machines in categories B3A or B4 to D*					
<u>Qualifying alcohol-licensed premises</u>		1 or 2 machines of category c or d automatic upon notification					
<u>Qualifying alcohol-licensed Premises (with gaming machine permit)</u>		Number of category C-D machines as specified on permit					
<u>Travelling fair</u>	No Limit on Category D Machines						
	A	B1	B2	B3	B4	C	D

Formatted Table

* It should be noted that members' clubs and miners' welfare institutes are entitled to site a total of three machines in categories B3A to D but only one B3A machine can be sited as part of this entitlement. Commercial clubs are entitled to a total of three machines in categories B4 to D.

** Adult gaming centre and bingo premises are entitled to make available a number of Category B gaming machines not exceeding 20% of the total number of gaming machines which are available for use on the premises. Premises in existence before 13 July 2011 are entitled to make available four (adult gaming centre premises) or eight (bingo premises) category B gaming machines, or 20% of the total number of gaming machines, whichever is the greater. Adult gaming centre premises and bingo premises licences granted on or after 13 July 2011 but before 1 April 2014 are entitled to a maximum of four or eight category B gaming machines or 20% of the total number of gaming machines, whichever is the greater; from 1 April 2014 these premises will be entitled to 20% of the total number of gaming machines only. But not B3A machines.

Deleted: ANNEXE 2 –
Gaming Machines explained¶

¶
**Gambling - Classes of
Gaming Machines¶**

The Gambling Act 2005 reclassifies Gaming Machines and places restrictions on the type and number of machines that may be made available; it also places a minimum age of 18 years on players of all but Category D machines.¶
Generally gaming machines are classified according to the maximum stakes and maximum possible prizes:¶

¶
Category of Machine ... [1]

ANNEXE 2 – Gaming Machines explained**Gambling - Classes of Gaming Machines**

The Gambling Act 2005 reclassifies Gaming Machines and places restrictions on the type and number of machines that may be made available; it also places a minimum age of 18 years on players of all but Category D machines. Generally gaming machines are classified according to the maximum stakes and maximum possible prizes:

Category of Machine	Maximum Stake	Maximum Prize	Age
A	No category A gaming machines are currently permitted		
B1	£2	£4,000	18
B2	£100 (in multiples of £10)	£500	18
B3	£2	£500	18
B3A*	£1	£500	18
B4	£1	£250	18
C	£1	£70	18
D – non-money prize (other than a crane grab machine or a coin pusher or penny falls machine)	30p	£8	no age limit
D – non-money prize (crane grab machine)	£1	£50	no age limit
D – money prize (other than a coin pusher or penny falls machine)	10p	£5	no age limit
D – combined money and non-money prize (other than a coin pusher or penny falls machine)	10p	£8 (of which no more than £5 may be a money prize)	no age limit
D – combined money and non-money prize (coin pusher or penny falls machine)	10p	£15 (of which no more than £8 may be a money prize)	no age limit

*Only available in non-commercial clubs and limited to participation in a lottery and no other form of gambling.

Category A Machines

No category A machines are currently permitted.

Category B Machines

Category B machines are divided into five sub-categories (B1, B2, B3, B3A and B4) according to stake and prizes.

Category B1 machines may only be made available in casinos and have a maximum stake of £2 and a maximum prize of £4,000.

Category B2 includes gaming machines known as fixed odds betting terminals where the stake and prizes from an individual game can be rolled over into the next game up to a maximum stake of £100 (in multiples of £10) per game and a maximum prize of £500. These machines will only be available in casinos and licensed betting offices. The licensed betting offices are restricted to making four machines available for use.

Category B3 machines may only be made available in casinos, bingo premises, betting premises and tracks with pool betting, and adult gaming centres. Bingo premises and adult gaming centres are limited to making four machines available for use. Maximum stake is £2 with a maximum prize of £500.

Category B3A machines will be permitted to be available in non-commercial clubs and limited to machines that only enable participation in a lottery but not in any other form or gambling. Maximum stake £1 with a maximum prize of £500

Category B4 machines will be permitted to be available in casinos, bingo premises, adult gaming centres, members' clubs, commercial clubs and miners welfare institutes. The maximum stake is £1 with a maximum prize of £250.

Category C

Category C machines may be made available in all premises other than a Family Entertainment Centre (with a Licensing Authority permit) or travelling fair. The maximum stake is £1 with a maximum prize of £70.

Category D Machines

Category D machines may be made available in all of the locations where gaming machines of Category A, B or C are available. In addition, they may be made available in unlicensed family entertainment centres and travelling fairs.

Category D - machines non-money prize (other than crane grab machine or a coin pusher or penny falls machine) is 30p and the maximum prize is £8.

Category D - machine non-money prize (crane grab machine) maximum stake £1 maximum prize £50.

Category D - machines money prize (other than a coin pusher or penny falls machine) the maximum stake is 10p and the maximum prize is £5.

Category D - machine combined money and non-money prize (other than coin pusher or penny falls machine) maximum stake 10p maximum prize £8 (of which no more than £5 may be money prize)

Category D - machine combined money and non-money prize (coin pusher or penny falls machine) maximum stake 10p maximum prize £15 (of which no more than £8 may be money prize)

There is concern that these machines are attractive to young persons and as such they may not be made available in such places as taxi offices, chip

shops, late night refreshment outlets where the primary business operation is not gambling.

No person under the age of 18 years shall have access to any gaming machine other than those in Category D.

Specific Offences Permitting persons under 18 to gamble.

Permitting persons under 18 to enter parts of a family entertainment centre where Category C machines are available for use.

Permitting persons under 18 to enter areas where Category C machines are situated.

Gambling Act 2005

Statement of Principles

(Revised January 2010)

This Statement of Licensing Principles was approved by Full Council on 24th November 2009

All references to the Guidance refer to the Gambling Commission's Guidance to Licensing Authorities, 3rd Edition, published May 2009.

CONTENTS

		Page No.
1.	Introduction	
1.1	The Licensing objectives	3
1.2	Mole Valley District Council	3
1.3	Consultation	4
1.4	Declaration	4
1.5	Responsible authorities	4
1.6	Interested parties	5
1.7	Exchange of information	5
1.8	Enforcement	6
1.9	Licensing Authority Functions	7
2.	Premises Licences	
2.1	General Principles	8
2.2	Decision making – general	8
2.3	Location	8
2.4	Multiple licences/ layout of buildings	8
2.5	Conditions	9
2.6	Door supervisors	9
2.7	Adult gaming centres	10
2.8	Licensed family entertainment centres	10
2.9	Tracks	11
2.10	Casinos	12
2.11	Betting premises	12
2.12	Bingo	13
2.13	Temporary use notices	13
2.14	Occasional Use Notices	14
2.15	Travelling Fairs	14
2.16	Reviews	14
3.	Permits	
3.1	Unlicensed family entertainment centres	16
3.2	Alcohol licensed premises – gaming machine permits	16
3.3	Prize gaming permits	17
3.4	Club gaming and club machine permits	18
Annexe 1	Map of Mole Valley District	19
Annexe 2	Gambling – Classes of Gaming Machines and some specific offences	20

1. Introduction

1.1 The Licensing Objectives

The Gambling Act 2005 ('the Act') gives licensing authorities various regulatory functions in relation to gambling.

The main functions of licensing authorities are:

- Licensing premises for gambling activities
- Considering notices given for the temporary use of premises for gambling
- Granting permits for gaming and gaming machines in clubs and miners' welfare institutes
- Regulating gaming and gaming machines in alcohol licensed premises
- Granting permits to family entertainment centres for the use of certain lower stake gaming machines
- Granting permits for prize gaming
- Considering occasional use notices for betting at tracks
- Registering small societies' lotteries

The Gambling Commission will have responsibility for dealing with personal licences and operating licences.

Mole Valley District Council ('the Council' or 'licensing authority') is a licensing authority for the purposes of the Act.

In exercising most of their functions under the Act, licensing authorities must have regard to the licensing objectives as set out in section 1 of the Act. The licensing objectives are:

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

It should be noted that the Gambling Commission has stated: "The requirement in relation to children is explicitly to protect them from being harmed or exploited by gambling".

This licensing authority is aware that, as per Section 153, in making decisions about premises licences and temporary use notices it should aim to permit the use of premises for gambling in so far as it thinks it is:

- in accordance with any relevant code of practice issued by the Gambling Commission
- in accordance with any relevant guidance issued by the Gambling Commission
- reasonably consistent with the licensing objectives and
- in accordance with the authority's statement of licensing policy

1.2 Mole Valley District Council

Mole Valley District Council is situated in the County of Surrey, which contains 11 Councils in total, 2 District and 9 Boroughs. The Council area has a population of 80,287 (Census 2001) making it mid-way in the County in terms of population. In terms of area it is the third largest, covering 99.73 square miles.

There are approximately 34,502 dwellings within the district. The main urban areas are in the northern part and centred around Leatherhead, whilst the much greater southern area is predominantly rural with small villages whose focus is Dorking.

A map of Mole Valley District is attached at Annexe 1.

1.3 Consultation

This statement of policy has been prepared in consultation with the following persons/ bodies: -

- The Chief Officer of Police
- One or more persons who appear to the authority represent the interests of persons carrying on gambling businesses in the authority's area
- One or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Gambling Act 2005

The statement of policy was published on the **23rd November 2012**, and comes into effect on the **31st January 2013**. It will remain in force for no more than 3 years, but may be reviewed at any time.

1.4 Declaration

This statement of policy has been prepared with due regard to the licensing objectives, the guidance to licensing authorities issued by the Gambling Commission, and with due weight attached to any responses received from those consulted.

This statement of policy will not override the right of any person to make an application, make representations about an application, or apply for a review of a licence, as each will be considered on its own merits and according to the statutory requirements of the Act.

1.5 Responsible Authorities

The contact details of all the Responsible Authorities under the Act are available via the Council's website at <http://www.molevalley.gov.uk>.

In exercising the Council's powers under Section 157(h) of the Act to designate, in writing, a body that is competent to advise the authority about the protection of children from harm, the following principles have been applied:

- the need for the body to be responsible for an area covering the whole of the licensing authority's area.
- the need for the body to be answerable to democratically elected persons, rather than any particular vested interest group.

Having regard to the above principles, the Council designates the Surrey County Council's Safeguarding Support Service for Vulnerable People relating to Child Protection for this purpose.

1.6 Interested parties

Interested parties can make representations about licence applications, or apply for a review of an existing licence. The Act defines interested parties as persons who, in the opinion of the licensing authority;

- a) live sufficiently close to the premises to be likely to be affected by the authorised activities;
- b) have business interests that might be affected by the authorised activities; or
- c) represent persons who satisfy paragraph (a) or (b)

Whether or not a person is an interested party is a decision that will be taken by the Council on a case-by-case basis. However, the following factors will be taken into account:

- the size of the premises;
- the nature of the premises;
- the distance of the premises from the location of the person making the representation
- the potential impact of the premises (number of customers, routes likely to be taken by those visiting the establishment);
- the nature of the complainant. This is not the personal characteristics of the complainant but the interests of the complainant, which may be relevant to the distance from the premises. For example, it could be reasonable for an authority to conclude that "sufficiently close to be likely to be affected" could have a different meaning for (a) a private resident (b) a residential school for children with truanting problems and (c) residential hostel for vulnerable adults;
- the 'catchment' area of the premises (i.e. how far people travel to visit); and whether the person making the representation has business interests in that catchment area, that might be affected.

This list is not exhaustive and other factors may be taken into consideration in an individual case.

*The Council considers the following bodies/associations to fall within the category of those who represent persons living close to premises, or having business interests that might be affected by the authorised activities: -

- trade associations:
- residents' and tenants' associations;
- ward/county/parish councillors
- Members of Parliament

This list is not exhaustive and the Council may consider other bodies/ associations & persons to fall within the category in the circumstances of an individual case.

The Council may require written evidence that the person/ association/ body represents an interested party.

1.7 Exchange of Information

The Council regards the lawful and correct treatment of information as very important to the successful and efficient performance of the Council's functions, and to maintaining confidence between the people/ bodies we deal with and ourselves. We ensure that our organisation treats information lawfully and correctly.

The Council may share information in accordance with the following provisions of the Act: -

- Sections 29 & 30 (with respect to information shared between the Council and the Gambling Commission)
- Section 350 (with respect to information shared between the Council and the other persons listed in Schedule 6 to the Act)

In the exercise of the above functions, consideration shall also be given to the common law duty of confidence, the law relating to defamation, the guidance issued by the Gambling Commission and to the Council's policies in relation to data protection and freedom of information.

Any information shared between the Council and Surrey Police must also be carried out in accordance with the Surrey Information Sharing Protocol produced by the Surrey Community Safety Unit.

Any person wishing to obtain further information about their rights under the Data Protection Act 1998 or the Freedom of Information Act 2000 may view the Council's policies at Pippbrook, Dorking, Surrey, RH4 1SJ, or alternatively contact the Head of Legal Services on 01306 876124

1.8 Enforcement

The Council will adopt a risk-based approach to the inspection of gambling premises. This will allow for the targeting of high-risk premises, or those where a breach would have serious consequences. Premises that are low risk and/ or well run will be subject to a less frequent inspection regime.

Where necessary, appropriate enforcement (including prosecution under section 346 of the Act) will be carried out in a fair and consistent manner in accordance with

- Regulator's Compliance Code - Statutory Code of Practice for Regulators
- Mole Valley District Council Environmental Health Department Enforcement & Prosecution Policies

The Council will endeavour to avoid duplication with other regulatory regimes so far as possible.

The Council will adopt the principles of better regulation.

The licensing authority recognises that certain bookmakers have a number of premises within its area. In order to ensure that any compliance issues are recognised and resolved at the earliest stage, operators are requested to give the authority a single named point of contact, who should be a senior individual, and whom the licensing authority will contact first should any compliance queries or issues arise.

This licensing authority has adopted a risk-based inspection programme, based on;

- The licensing objectives
- Relevant codes of practice
- Guidance issued by the Gambling Commission, in particular at Part 36
- The principles set out in this statement of licensing policy

The main enforcement and compliance role for this licensing authority in terms of the Gambling Act 2005 is to ensure compliance with the premises licences and other permissions which it authorises. The Gambling Commission is the enforcement body for the operating and personal licences. It is also worth noting that concerns about manufacture, supply or repair of gaming machines are not dealt with by the licensing authority but should be notified to the Gambling Commission.

This licensing authority also keeps itself informed of developments as regards the work of the Better Regulation Executive in its consideration of the regulatory functions of local authorities.

1.9 Licensing Authority Functions

Licensing authorities are required under the Act to:

- Be responsible for the licensing of premises where gambling activities are to take place by issuing *Premises Licences*
- Issue *Provisional Statements*
- Regulate *members' clubs* and *miners' welfare institutes* who wish to undertake certain gaming activities via issuing Club Gaming Permits and/or Club Machine Permits
- Issue *Club Machine Permits* to *Commercial Clubs*
- Grant permits for the use of certain lower stake gaming machines at *unlicensed Family Entertainment Centres*
- Receive notifications from alcohol licensed premises (under the Licensing Act 2003) for the use of two or fewer gaming machines
- Issue *Licensed Premises Gaming Machine Permits* for premises licensed to sell/supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where there are more than two machines
- Register *small society lotteries* below prescribed thresholds
- Issue *Prize Gaming Permits*
- Receive and Endorse *Temporary Use Notices*
- Receive *Occasional Use Notices*
- Provide information to the Gambling Commission regarding details of licences issued (see section above on Exchange of Information)
- Maintain registers of the permits and licences that are issued under these functions

It should be noted that licensing authorities are not involved in licensing remote gambling at all, which is regulated by the Gambling Commission via operating licences

2. Premises Licences

2.1 General Principles

Premises licences are subject to the requirements set-out in the Gambling Act 2005 and regulations, as well as specific mandatory and default conditions which are detailed in regulations issued by the Secretary of State. Licensing authorities are able to exclude default conditions and also attach others, where it is believed to be appropriate.

2.2 Decision making - general

In accordance with Section 153 of the Act, the Council shall aim to permit the use of premises for gambling in so far as it thinks it is:

- in accordance with any relevant code of practice issued by the Gambling Commission
- in accordance with any relevant guidance issued by the Gambling Commission
- reasonably consistent with the licensing objectives and
- in accordance with the authority's Statement of Principles

The Council will not have regard to the expected demand for the facilities, which it is proposed to provide, nor the likelihood of the applicant obtaining planning permission or building regulations approval for the proposal.

Moral objections to gambling will not be considered by the Council, as they are not a valid reason for rejecting an application for a premises licence.

Each case will be considered on its individual merits. However, in order to assist applicants and objectors alike, this section sets out the general factors that will be taken into account by the Council when considering applications for premises licences.

2.3 Location

This licensing authority is aware that demand issues cannot be considered with regard to the location of premises but that considerations in terms of the licensing objectives are relevant to its decision-making. As per the Gambling Commission's Guidance to licensing authorities, this authority will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder. Should any specific policy be decided upon as regards areas where gambling premises should not be located, this statement will be updated. It should be noted that any such policy does not preclude any application being made and each application will be decided on its merits, with the onus upon the applicant showing how potential concerns can be overcome.

2.4 Multiple licences/ layout of buildings

Premises are defined in the Act as including 'any place', but no more than one premises licence can apply in relation to any one place. A single building can be subject to more than one premises licence, provided they are for different parts of the building and those parts can reasonably be regarded as being different premises.

Where multiple licences are sought for a building (or a discrete part of a building used for other non-gambling purposes), specific issues will need to be considered by the Council before such application(s) can be granted. These include:

- the ability of children to gain access to or observe gambling facilities (even accidentally) entrances and exits from parts of a building covered by more than one premises licence should be separate and identifiable so that the separation of different premises is not compromised and that people (and, in particular, children) do not drift into a gambling area.
- the compatibility of the 2 or more establishments; and
- the ability of the establishments to comply with the requirements of the Act.

In accordance with the Gambling Commission's guidance, an overriding consideration will be whether, taken as a whole, the co-location of the licensed premises with other facilities has the effect of creating an arrangement that otherwise would, or should, be prohibited under the Act.

2.5 Conditions

Conditions may be imposed upon a premises licence in a number of ways. These are

- (a) **Mandatory** – set by the Secretary of State (some are set out on the face of the Act) and some are prescribed in regulations, for all, or classes of licence;
- (b) **Default** – prescribed in regulations made by the Secretary of State, to be attached to all or classes of licences unless excluded by the licensing authority;
- (c) **Specific** – conditions that can be attached to an individual licence by the licensing authority.

Conditions imposed by the Council will be proportionate to the circumstances that they are seeking to address. In particular, this Council will ensure that premises licence conditions:

- Are relevant to the need to make the proposed building suitable as a gambling facility
- Are directly related to the premises and the type of licence applied for;
- Are fairly and reasonably related to the scale and type of premises; and
- Are reasonable in all other respects

Certain matters may not be the subject of conditions. These are:

- any condition on the premises licence which makes it impossible to comply with an operating licence condition;
- conditions relating to gaming machine categories, numbers, or method of operation;
- conditions which provide that membership of a club or body be required (the Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated); and
- conditions in relation to stakes, fees, winning or prizes

2.6 Door Supervisors

The Gambling Commission advises in its Guidance to licensing authorities that if a licensing authority is concerned that a premises may attract disorder or be subject to attempts at unauthorised access (for example by children and young persons) then it may require that the entrances to the premises are controlled by a door supervisor, and is entitled to impose a premises licence condition to this effect.

Where it is decided that supervision of entrances/machines is appropriate for particular cases, a consideration of whether such supervisors need to be SIA licensed or not will be necessary. It will not be automatically assumed that they need to be licensed, as the statutory requirements for different types of premises vary (as per the Guidance, Part 33).

This requirement does not apply to door supervisors at licensed casino or bingo premises, who are exempt from the licensing requirements of the Private Security Industry Act 2001. The Council may however impose specific requirements on door supervisors at such premises if considered appropriate in an individual case.

2.7 Adult gaming centres

Persons operating an adult gaming centre must obtain an operating licence from the Commission and a premises licence from the Council. These Licences allow the operator to make up to **four** of either category B3 or B4 or any combination of both and **any** number of category C & D machines available to their customers - (category B3 machine = £1 stake limit + £500 prize limit; Category B4 machine = £1 stake limit + £250 prize limit; Category C = £1 stake limit + £70 prize limit; Category D machine = 10p stake limit + £5 cash or £8 non-cash prize limit) No one under the age of 18 is permitted to enter an adult gaming centre.

(A full explanation of Gaming Machines is shown at Annexe 2)

In considering licence applications for adult gaming centres, weight will be given to the need to protect children and vulnerable persons from harm or being exploited by gambling. The Council will therefore expect applicants to demonstrate that there will be sufficient measures in place to promote this objective.

Applicants are encouraged to consider the following steps:

- Proof of age schemes
- CCTV
- Supervision of entrances / machine areas
- Location of the premises and entry to premises (so as to minimise the opportunities for children to gain access)
- Notices / signage
- Training for staff on challenging persons suspected of being under-age
- Specific opening hours
- Self-barring schemes
- Provision of information leaflets / helpline numbers for organisations such as GamCare.

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

Please see paragraph 2.5 for details of conditions that may be attached to premises licences authorising adult gaming centres.

2.8 (Licensed) family entertainment centres

Operators of licensed family entertainment centres will require an operating licence from the Gambling Commission, and a premises licence from the Council. This will allow the operator to make **any** number of category C & D machines available to their customers - (category C = £1

stake limit + £70 prize limit; Category D machine = 10p stake limit + £5 cash or £8 non-cash prize limit).

Children and young persons will be able to enter licensed family entertainment centres and play on the category D machines. They will not be permitted to play on category C machines.

As family entertainment centres will particularly appeal to children and young persons, weight shall be given to child protection issues. Where category C machines are available in licensed family entertainment centres the Council will normally require that:

- all such machines are located in an area of the premises separate from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- only adults are admitted to the area where the machines are located;
- access to the area where the machines are located is supervised;
- the area where the machines are located is arranged so that it can be observed by staff of the operator or the licence holder; and
- at the entrance to and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

Applicants are therefore encouraged to consider the steps set out at paragraph 2.7 of this statement in order to prevent children and young persons from gaining access to category C machines. In addition, applicants are encouraged to consider the following:

- Physical separation of areas
- Measures / training for staff on how to deal with suspected truant school children on the premises

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

Please see paragraph 2.5 for details of conditions that may be attached to premises licences authorising licensed family entertainment centres.

2.9 Tracks

Tracks are sites (including racecourses and dog tracks) where sporting events take place. Operators of tracks will require a premises licence from the Council, but they do not need to obtain an operating licence from the Gambling Commission (although they may have one).

Tracks may be subject to one or more than one premises licence, provided each licence relates to a specified area of the track.

It will be a mandatory condition of all track licences that children and young persons are excluded from any areas where facilities for betting are provided, and any area where a gaming machine, other than a category D machine, is situated. Special dispensation from this rule is provided for dog tracks and horse racecourses, on days when racing takes place, in relation to the areas used for betting. On these days families will be entitled to attend the track or racecourse, and children enter the areas where facilities for betting are provided. This race day dispensation does not apply to the areas where gaming machines of category B & C are provided, and the Council will therefore wish to ensure that suitable measures are in place to prevent children from entering such areas.

Applicants are encouraged to consider the steps set out at paragraph 2.7 in order to prevent the access of children and young people to machines of category B & C. In addition, applicants are encouraged to consider the following

- Physical separation of areas
- Measures / training for staff on how to deal with suspected truant school children on the premises

Gaming machines – holders of betting premises licences in respect of tracks who also hold a pool betting operating licence may make available up to 4 gaming machines (categories B2 to D) on the track. The Council will therefore expect the applicant to demonstrate that suitable measures are in place to ensure that children are prevented from entering areas where machines (other than category D machines) are made available.

Betting machines at tracks - the Council will apply similar considerations to those set out in paragraph 2.11 (in relation to betting machines made available at off-course betting premises) to betting machines made available at tracks.

Condition on rules being displayed - the Council will attach a condition to track premises licences requiring the track operator to ensure that the rules are prominently displayed in or near the betting areas, or that other measures are taken to ensure that they are made available to the public. For example, the rules could be printed in the race card or made available in leaflet form from the track office.

Applications and plans - the Council will require the following information from applicants for premises licences in respect of tracks: -

- detailed plans for the racetrack itself and the area that will be used for temporary “on-course” betting facilities (often known as the “betting ring”)
- in the case of dog tracks and horse racecourses, details of the fixed and mobile pool betting facilities operated by the Tote or track operator, as well as any other proposed gambling facilities

Plans should make clear what is being sought for authorisation under the track betting premises licence and what other areas, if any, are to be subject to a separate application for a different type of premises licence.

2.10 Casinos

No Casinos resolution - The Council has not passed a ‘no casino’ resolution under Section 166 of the Gambling Act 2005, but is aware that it has the power to do so. Should the Council decide in the future to pass such a resolution, it will update this policy statement with details of that resolution.

2.11 Betting Premises

This paragraph deals with off-course betting, that is betting that takes place other than at a track (commonly known as a licensed betting office). Operators of betting premises will require an operating licence from the Gambling Commission and a premises licence from the Council.

The holder of a betting premises licence may make available for use up to 4 gaming machines of category B (B2, B3 or B4), C or D.

While the licensing authority has discretion as to the number and circumstances of use of betting machines, there is no evidence that such machines give rise to regulatory concerns. This authority will consider limiting the number of machines only where there is clear evidence that such machines have been or are likely to be used in breach of the licensing objectives. Where there is such evidence, this authority may consider, when reviewing the licence, the ability of staff to monitor the use of such machines from the counter.

Please see paragraph 2.5 for details of conditions that may be attached to betting premises licences.

2.12 Bingo

Operators of premises offering bingo (cash or prize) will require a bingo operating licence from the Gambling Commission, and a premises licence from the Council.

The holder of a bingo premises licence may, in addition to bingo in all its forms, make available for use up to 4 category B gaming machines (B3 & B4) and any number of category C & D machines.

It is important that if children are allowed to enter premises licensed for bingo that they do not participate in gambling, other than on category D machines. Where category C or above machines are available in premises to which children are admitted the Council will normally require that:

- all such machines are located in an area of the premises separate from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- only adults are admitted to the area where the machines are located;
- access to the area where the machines are located is supervised;
- the area where the machines are located is arranged so that it can be observed by staff of the operator or the licence holder; and
- at the entrance to and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

Please see paragraph 2.5 for details of conditions that may be attached to bingo premises licences.

2.13 Temporary Use Notices

Temporary use notices allow the use of premises for gambling where there is no premises licence but where a person or company holding a relevant operators licence wishes to use the premises temporarily for providing facilities for gambling.

A person holding the appropriate operating licence issued by the Gambling Commission can give a TUN (temporary use notice) in respect of a premises.

Temporary Use Notices are limited to providing facilities for any form of 'equal chance' gaming where the people participating in the gaming are taking part in a competition which is intended to produce a single overall winner.

Effectively this limits a TUN to a competition of poker, bridge, cribbage or dominos. Therefore only the holder of a Casino Operating Licence can apply for a TUN. There are a number of statutory limits in regards to temporary use notices.

If objections are received to a temporary use notice (from the Police, Gambling Commission, HM Revenues & Custom or any other licensing authority in whose area the premises are situated), the Council must hold a hearing to consider the representation (unless all the participants agree that a hearing is unnecessary).

If the Council, after a hearing has taken place or been dispensed with, considers that the temporary use notice should not have effect, it must issue a counter-notice which may:

- prevent the temporary use notice from taking effect;
- limit the activities that are permitted;
- limit the time period of the gambling; or
- allow the activities to take place subject to a specified condition

The Council will apply the principles set out in paragraph 2.1 of this statement to any consideration as to whether to issue a counter-notice.

2.14 Occasional Use Notices

The licensing authority has very little discretion where an occasional use notice has been given by someone in respect of a track who intends to accept bets on a track, or to cause or permit premises to be used for the acceptance of bets, aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. This licensing authority will though check that the track is genuine. Section 353 of the Act defines a track as a horse racecourse, greyhound track or other premises on any part of which a race or other sporting event takes place or is intended to take place and whether the applicant is permitted to avail him/herself of the notice.

2.15 Travelling Fairs

This licensing authority is responsible for deciding whether, where category D machines and / or equal chance prize gaming without a permit are/is to be made available for use at travelling fairs, the statutory requirement that the facilities for gambling amount to no more than an ancillary amusement at the fair is met.

The licensing authority will also consider whether the applicant falls within the statutory definition of a travelling fair.

It is noted that the 27-day statutory maximum for the land being used as a fair applies on a per calendar year basis, and that it applies to the piece of land on which the fairs are held, regardless of whether it is the same or different travelling fairs occupying the land. This licensing authority will work with its neighbouring authorities to ensure that land which crosses our boundaries is monitored so that the statutory limits are not exceeded.

2.16 Reviews

Requests for a review of a premises licence can be made by interested parties or responsible authorities; however, it is for the licensing authority to decide whether the review is to be

carried-out. This will be on the basis of whether the request for the review is relevant to the matters listed below;

That it is:

- in accordance with any relevant Code of Practice issued by the Gambling Commission;
- in accordance with any relevant guidance issued by the Gambling Commission;
- reasonably consistent with the licensing objectives; and
- in accordance with the authority's statement of principles.

The request for the review will also be subject to the consideration by this licensing authority as to whether the request is frivolous, vexatious, or whether it would not cause the licensing authority to alter/revoke/suspend the licence, or whether it is substantially the same as previous representations or requests for review.

The licensing authority can also initiate a review of a particular premises licence, or a particular class of premises licence on the basis of any reason which it thinks is appropriate.

Once a valid application for a review has been received by the licensing authority, representations can be made by responsible authorities and interested parties during a 28 day period. This period begins 7 days after the application was received by the licensing authority, who will publish notice of the application within 7 days of receipt.

The licensing authority must carry out the review as soon as possible after the 28 day period for making representations has passed.

The purpose of the review will be to determine whether the licensing authority should take any action in relation to the licence. If action is justified, the options open to the licensing authority are:-

- (a) add, remove or amend a licence condition imposed by the licensing authority;
- (b) exclude a default condition imposed by the Secretary of State (e.g. opening hours) or remove or amend such an exclusion;
- (c) suspend the premises licence for a period not exceeding three months; and
- (d) revoke the premises licence.

In determining what action, if any, should be taken following a review, the licensing authority must have regard to the principles set out in section 153 of the Act, as well as any relevant representations.

In particular, the licensing authority may also initiate a review of a premises licence on the grounds that a premises licence holder has not provided facilities for gambling at the premises. This is to prevent people from applying for licences in a speculative manner without intending to use them.

Once the review has been completed, the licensing authority must, as soon as possible, notify its decision to:

- the licence holder
- the applicant for review (if any)
- the Commission
- any person who made representations
- the chief officer of police or chief constable; and
- Her Majesty's Commissioners for Revenue and Customs

3. Permits

3.1 Unlicensed Family Entertainment Centre gaming machine permits

Unlicensed family entertainment centres will be able to offer category D machines if granted a permit by the Council. If an operator of a family entertainment centre wishes to make category C machines available in addition to category D machines, they will need to apply for an operating licence from the Gambling Commission and a premises licence from the Council.

The Council can grant or refuse an application for a permit, but cannot attach conditions.

As unlicensed family entertainment centres will particularly appeal to children and young persons, weight shall be given to child protection issues.

The Council will expect the applicant to show that there are policies and procedures in place to:

- Protect children from harm. (Harm in this context is not limited to harm from gambling but includes wider child protection considerations.)

The efficiency of such policies and procedures will each be considered on their merits, however, they may include appropriate measures, such as:

- Training for staff as regards suspected truant school children on the premises
- Measures / training covering how staff should deal with unsupervised very young children being on the premises, or children causing perceived problems on/around the premises.
- The Council will also expect applicants to demonstrate a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed family entertainment centres
- That the applicant has no relevant convictions (those that are set out in Schedule 7 to the Act); and that staff are trained to have a full understanding of the maximum stakes and prizes.

3.2 (Alcohol) Licensed premises gaming machine permits

Premises licensed to sell alcohol for consumption on the premises can automatically have 2 gaming machines of categories C and/or D. The holder of the premises licence authorising the sale of alcohol will simply need to notify the Council, and pay the prescribed fee.

The Council can remove the automatic authorisation in respect of any particular premises if;

- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- gaming has taken place on the premises that breaches a condition of section 282 of the Act;
- the premises are mainly used for gaming; or
- an offence under the Act has been committed on the premises.

If there is a wish for premises to have more than 2 machines, then the holder of the premises licence will need to apply for a permit. The Council shall consider that application having regard to the Gambling Act licensing objectives, any guidance issued by the Gambling Commission issued under Section 25 of the Act, and any other matters that are considered relevant.

The Council shall determine what constitutes a relevant consideration on a case-by-case basis, but weight shall be given to the third Gambling Act licensing objective i.e. protecting children and vulnerable persons from being harmed or being exploited by gambling. To this end, the

Council will expect applicants to demonstrate that there will be sufficient measures in place to ensure that under 18 year olds do not have access to the adult only gaming machines. Measures which will satisfy the authority that there will be no access may include the adult machines being in sight of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18. Notices and signage may also be of help.

With respect to the protection of vulnerable persons, the Council will expect applicants to provide information leaflets / helpline numbers for organisations such as GamCare.

It is recognised that some alcohol-licensed premises may apply for a premises licence for their non-alcohol licensed areas. Any such application would most likely need to be applied for and dealt with as an Adult Gaming Centre premises licence (paragraph 2.7).

The Council can decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for. Conditions (other than these) cannot be attached.

The holder of a permit must comply with any Code of Practice issued by the Gambling Commission about the location and operation of the machine.

3.3 Prize gaming permits

The meaning of “Prize Gaming” – Gaming is prize gaming for the purpose of the Act if neither the nature nor the size of a prize played for is determined by reference to:

- a) the number of persons playing, or
- b) the amount paid for or raised by the gaming

Applicants for prize gaming permits should set out the types of gaming that he or she is intending to offer. The applicant should be able to demonstrate:

- that they understand the limits of stakes and prizes that are set out in regulations; and
- that the gaming offered is within the law.

In making its decision on an application for this type of permit the Council does not need to have regard to the Gambling Act licensing objectives but must have regard to any Gambling Commission guidance. Weight will be given to child protection issues, and relevant considerations are likely to include the suitability of the applicant (i.e. if the applicant has any convictions which would make them unsuitable to operate prize gaming) and the suitability of the premises. Applicants for prize gaming permits must disclose any previous relevant convictions to the Council.

The Council can grant or refuse an application for a permit, but cannot attach any conditions. However, there are 4 conditions in the Act that permit holders must comply with. These are:

- the limits on participation fees, as set out in regulations, must be complied with;
- all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
- the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
- participation in the gaming must not entitle the player to take part in any other gambling.

3.4 Club gaming and club machine permits

Members clubs may apply for a club gaming permit. The club gaming permit will enable the premises to provide gaming machines (three machines of categories B3A, B4, C or D), equal chance gaming and games of chance.

If a club does not wish to have the full range of facilities permitted by a club gaming permit or if they are a commercial club not permitted to provide non-machine gaming (other than exempt gaming under section 269 of the Act), they may apply for a club machine permit, which will enable the premises to provide gaming machines (three machines of categories B3A, B4, C or D). Commercial clubs, however, will not be permitted to have category B3A gaming machines offering lottery games in their club.

Members clubs must have at least 25 members and be established and conducted “wholly or mainly” for purposes other than gaming, unless the gaming is permitted by separate regulations. It is anticipated that this will cover bridge and whist clubs, which will replicate the position under the Gaming Act 1968. A members’ club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men’s clubs, branches of Royal British Legion and clubs with political affiliations.

An application may only be refused on one or more of the following grounds;

- the applicant does not fulfil the requirements for a members’ or commercial club and therefore is not entitled to receive the type of permit for which it has applied;
- the applicant’s premises are used wholly or mainly by children and/or young persons;
- an offence under the Act or a breach of a condition of a permit has been committed by the applicant while providing gaming facilities;
- a permit held by the applicant has been cancelled in the previous ten years; or;
- an objection has been lodged by the Gambling Commission or the Police

The Council shall have regard to the guidance issued by the Gambling Commission and (subject to that guidance), the licensing objectives.

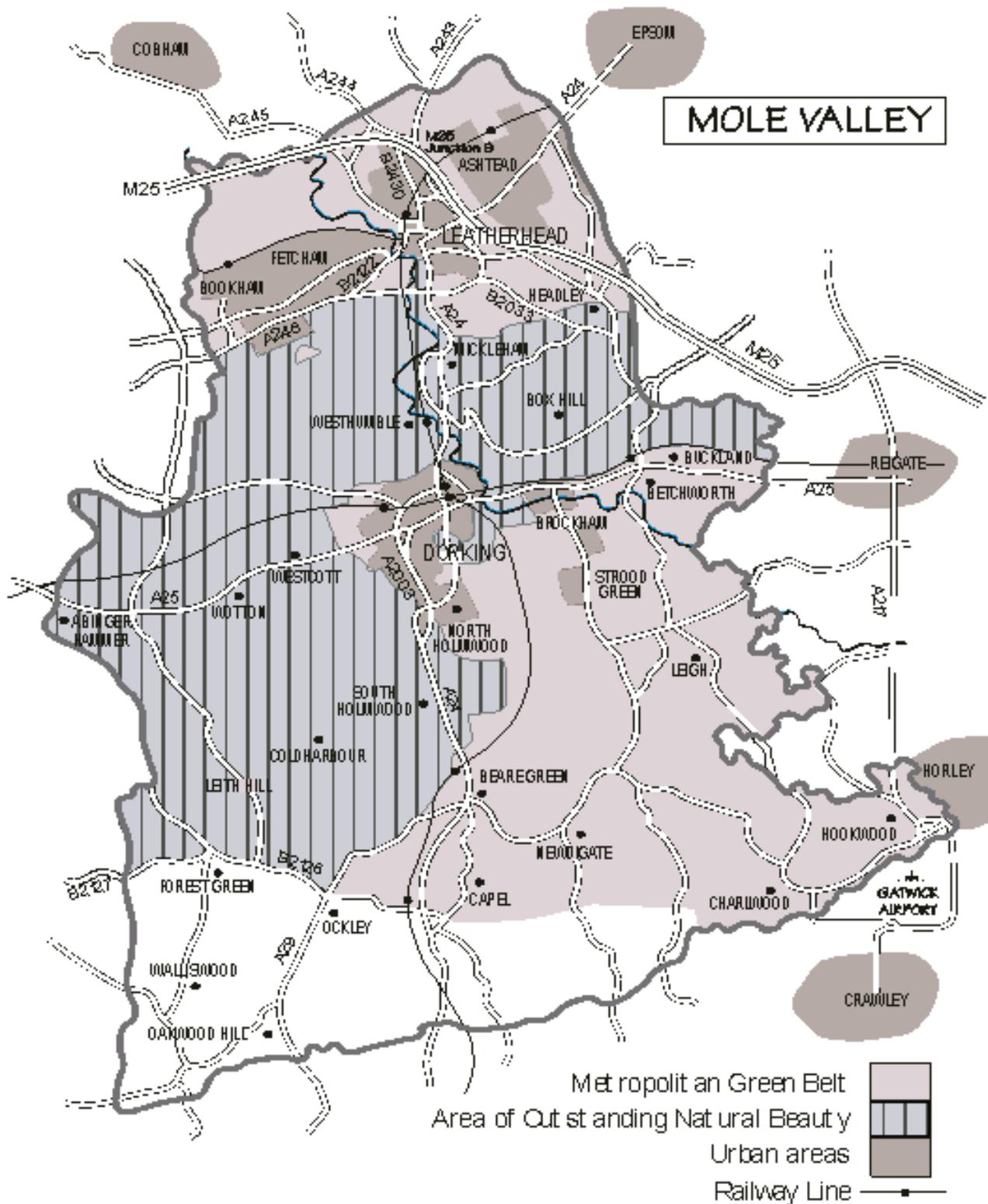
There is a ‘fast-track’ procedure available for clubs which hold a club premises certificate under the Licensing Act 2003. Under the fast-track procedure there is no opportunity for objections to be made by the Gambling Commission or the Police, and the grounds upon which an authority can refuse a permit are reduced.

The grounds on which an application under the fast track procedure may be refused are;

- that the club is established primarily for gaming, other than gaming prescribed under schedule 12;
- that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled.

The Council can grant or refuse an application for a club gaming or club machine permit, but cannot attach any conditions. However, there are a number of conditions in the Act that the holder must comply with.

ANNEXE 1 – MAP OF MOLE VALLEY DISTRICT



ANNEXE 2 – Gaming Machines explained

Gambling - Classes of Gaming Machines

The Gambling Act 2005 reclassifies Gaming Machines and places restrictions on the type and number of machines that may be made available; it also places a minimum age of 18 years on players of all but Category D machines.

Generally gaming machines are classified according to the maximum stakes and maximum possible prizes:

Gaming machine (fruit machine, slot machine) categories

Gaming machines (fruit machines, slot machines) fall into categories depending on the maximum stake and prize available:

Machine category	Maximum stake (from July 2011)	Maximum prize (from July 2011)
A	Unlimited	Unlimited
B1	£2	£4,000
B2	£100 (in multiples of £10)	£500
B3	£2	£500
B3A*	£1	£500
B4	£1	£250
C	£1	£70
D non-money prize (other than crane grab machine)	30p	£8
D non-money prize (crane grab machine)	£1	£50
D money prize	10p	£5
D combined money and non-money prize (other than coin pusher or penny falls machines)	10p	£8 (of which no more than £5 may be a money prize)
D combined money and non-money prize (coin pusher or penny falls machine)	10p	£15 (of which no more than £8 may be a money prize)

*Only available in non-commercial clubs and limited to participation in a lottery and no other form of gambling.

Category A Machines

Category A machines will only be available at a Regional Casino and will be the only gaming machines with unlimited stakes and prizes. A Regional Casino can make up to 1250 machines available irrespective of the number of gaming tables made available for use.

Category B Machines

Category B machines are divided into five sub-categories (B1, B2, B3, B3A and B4) according to stake and prizes.

Category B1 machines may only be made available in casinos and have a maximum stake of £2 and a maximum prize of £4,000.

Category B2 includes gaming machines known as fixed odds betting terminals where the stake and prizes from an individual game can be rolled over into the next game up to a maximum stake of £100 (in multiples of £10) per game (or £15 per chip) and a maximum prize of £500.

These machines will only be available in casinos and licensed betting offices. The licensed betting offices are restricted to making four machines available for use.

Category B3 machines may only be made available in casinos, bingo premises, betting premises and tracks with pool betting, and adult gaming centres. Bingo premises and adult gaming centres are limited to making four machines available for use. Maximum stake is £1 with a maximum prize of £500.

Category B3A machines will be permitted to be available in non-commercial clubs and limited to machines that only enable participation in a lottery but not in any other form or gambling. Maximum stake £1 with a maximum prize of £500

Category B4 machines will be permitted to be available in casinos, bingo premises, adult gaming centres, members' clubs, commercial clubs and miners welfare institutes. The maximum stake is £1 with a maximum prize of £250.

Category C

Category C machines may be made available in all premises other than a Family Entertainment Centre (with a Licensing Authority permit) or travelling fair. The maximum stake is £1 with a maximum prize of £70.

Category D Machines

Category D machines may be made available in all of the locations where gaming machines of Category A, B or C are available. In addition, they may be made available in unlicensed family entertainment centres and travelling fairs. The maximum stake is 10p and the maximum prize is £5. The maximum stake for non-money prize (other than crane grab machine) is 30p and the maximum prize is £8.

There is concern that these machines are attractive to young persons and as such they may not be made available in such places as taxi offices, chip shops, late night refreshment outlets where the primary business operation is not gambling.

No person under the age of 18 years shall have access to any gaming machine other than those in Category D.

Specific Offences Permitting persons under 18 to gamble.

- Permitting persons under 18 to enter parts of a family entertainment centre where Category C machines are available for use.
- Permitting persons under 18 to enter areas where Category C machines are situated.