

The regulation of off-course betting

1. Betting offices have been closely controlled under legislation consolidated in the the 1963 Act. The aim of the legislation was, and is now, to enable those who wished to bet off-course to do so while minimizing illegal betting and avoiding the encouragement of harder forms of gambling. The resultant licensing and other statutory requirements restricted the conduct of LBOs and had a constraining effect on the development of competition in the off-course betting market. Whilst a number of the requirements concerning the conduct of off-course betting have been relaxed in recent years, as part of the previous Government's deregulation initiative, the licensing structure has remained largely unchanged.

2. Broadly, under the 1963 Act anyone (other than the Tote) who accepts bets on his own account in the course of his business must hold a bookmaker's permit. Application for a permit must be made to the relevant body in the relevant area. In England and Wales the application must be made to a committee of magistrates acting for the relevant PSD in which the applicant is located (ie has his office, principal office or, if no office, place of residence; in the case of a company, it is the area where its registered office is located). In Scotland, application is to the licensing board of the local authority area in which the applicant is located. Applicants for permits in Great Britain must be at least 21 years of age and reside or, in the case of a corporate application, be incorporated there. An application can be refused on the grounds that the applicant is not a fit and proper person to hold a bookmaker's permit.

3. In addition to the licensing of persons to operate as bookmakers, the individual premises to be used as LBOs must themselves be licensed for the purpose. Broadly, any person holding or applying for a bookmaker's permit (and the Tote) may make applications for any number of betting office licences. The relevant bodies that grant betting office licences are the same as for bookmakers' permits (though an application is made in the area in which the premises are located). Before granting a licence, the relevant body must ensure that the statutory requirements relating to the premises and access to them are satisfied and that the applicant is the holder of the appropriate permit. However, under the 1963 Act a licence may be refused on three discretionary grounds. These are that:

- (a) the premises are not suitable for use as an LBO (having regard to the layout, character, condition or location of the premises);
- (b) the granting or renewal of a licence would be inexpedient, having regard to the demand in the locality for LBO facilities and the number of LBOs available to meet that demand; and
- (c) the premises have not been properly conducted under an existing betting office licence.

The Deregulation (Betting and Licensing) Order 1997, which came into effect on 1 September 1997, extended the duration of bookmakers' permits and betting office licences from one to three years (all permits and licences issued since then remain valid until 31 May 2000, and thereafter for each successive period of three years).

4. In addition to the requirements for the licensing of betting offices, the 1963 Act (and regulations made under it) stipulate rules for the conduct of LBOs and the nature of the advertising that is permitted. These rules regulate a number of aspects of the operation of LBOs; they had the original policy aim of discouraging people who would not otherwise be there from lingering in betting offices. For example, LBOs were not permitted to provide any refreshments and could not show any televised broadcast. Any advertising visible from outside an LBO, including advertising (a) inside the premises but visible from outside (for example, displayed in a window); (b) in premises giving access to an LBO; or (c) attached to the outside of the LBO or premises in which the LBO is situated), was effectively limited to the proprietor's name, the words 'licensed betting office' and its opening times. These strict limitations were relaxed in some respects in 1986, when televisions were allowed in betting offices. (Televisions in LBOs are allowed to show only information about, and coverage of,

sporting events and information relating to betting on any event in connection with which betting transactions may be or have been effected on the premises.) This was the impulse for the launch of the television service to betting offices provided by SIS, which supplies live pictures to those LBOs which subscribe to the service (see paragraph 4.95). Soft drinks and certain types of snack were also permitted to be sold in LBOs.

5. The first change in the rules relating to the conduct of LBOs since the 1989 report related to their opening hours. The original permitted opening hours were 7.00 am to 6.30 pm Monday to Saturday; LBOs were not permitted to open on Sundays. Since 1 March 1993 permitted opening hours during the months April to August each year have been 6.30 am to 10.00 pm. From 3 January 1995 LBOs have also been allowed to open on Sundays (with the same opening hours as weekdays), reflecting the introduction of Sunday race meetings.

6. A further relaxation of the rules took effect on 6 April 1995. These changes removed the requirement that television screens should not be visible from outside (which, until then, had caused LBOs to obscure their windows); allowed moving text displays; allowed information to be displayed in LBO windows about facilities, events, bets and odds; and allowed a greater range of refreshments (sandwiches and snacks) to be provided. The rules were further relaxed on 19 April 1997, allowing the advertising of LBO locations and facilities in a material form (for example, in newspapers, journals, circulars, letters or posters), though cinema, radio and television advertising is still prohibited. The prohibition of the incitement of persons inside the betting office to bet was also removed at that time.

7. Under the 1963 Act, as originally enacted, LBOs could not be used for any purpose other than the effecting of betting transactions. We have seen that this was relaxed in 1986 to allow the sale of soft drinks and some snacks. From 6 April 1995 LBOs were permitted to sell an extended range of refreshments. On 20 June 1996 the rules were relaxed further to allow up to two cash-only gaming machines (variously referred to as slot machines, fruit machines and AWP), each with a maximum prize of £10 (on 15 July 1998 the Home Office announced that the maximum prize would be increased to £15 from 1 October 1998). In addition, LBOs were permitted to sell racing periodicals and specialist betting publications. The range of services that could be provided was also extended. LBOs are now allowed to sell tickets in 'society lotteries' and 'local lotteries' (as defined in the Lotteries and Amusements Act 1976, ie excluding National Lottery tickets), to collect entry forms for competitions involving an element of skill (such as football pools and spot the ball) and to pay out winnings on such competitions.

8. Since 17 October 1972 the Tote has been allowed to accept fixed odds bets on 'any sporting event', and since 27 February 1997 it has been allowed to accept fixed odds bets on non-sporting events (a change made in order to enable the Tote to offer numbers betting products).