

# Cabinet Agenda



Contact: Steve Culliford, Democratic Services Officer  
Telephone number 01235 540307  
Email: [steve.culliford@southandvale.gov.uk](mailto:steve.culliford@southandvale.gov.uk)  
Date: 26 September 2013  
Website: [www.whitehorsedc.gov.uk](http://www.whitehorsedc.gov.uk)

A meeting of the

## Cabinet

will be held on Friday, 4 October 2013 at 2.00 pm  
Council Chamber, The Abbey House, Abingdon, OX14 3JE

### Cabinet Members:

#### Councillors

Matthew Barber (Chairman)  
Roger Cox (Vice-Chairman)  
Mike Murray  
Reg Waite  
Elaine Ware

**Alternative formats of this publication are available on request. These include large print, Braille, audio, email and easy read. For this or any other special requirements (such as access facilities) please contact the officer named on this agenda. Please give as much notice as possible before the meeting.**

A handwritten signature in black ink, appearing to read 'M Reed', written in a cursive style.

Margaret Reed  
Head of Legal and Democratic Services

# Agenda

## Open to the Public including the Press

### Map and vision

(Page 4)

A map showing the location of the venue for this meeting is attached. A link to information about nearby car parking is [http://www.whitehorsedc.gov.uk/transport/car\\_parking/default.asp](http://www.whitehorsedc.gov.uk/transport/car_parking/default.asp)

The council's vision is to take care of your interests across the Vale with enterprise, energy and efficiency.

### 1. Apologies for absence

To receive apologies for absence.

### 2. Minutes

To adopt and sign as a correct record the minutes of the Cabinet meeting held on 7 June 2013 (previously published).

### 3. Declarations of interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

### 4. Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

### 5. Statements, petitions, and questions relating to matters affecting the Cabinet

Any statements, petitions, and questions from the public under standing order 32 will be made or presented at the meeting.

### 6. Virements

(Pages 5 - 6)

**Recommendation:** to approve the virement request set out in table 1 attached.

## **7. Office accommodation**

To consider the report of the head of economy, leisure and property. **TO FOLLOW**

## **8. Gambling policy**

(Pages 7 - 51)

To consider the report of the head of legal and democratic services.

## **9. Treasury management outturn 2012/13**

(Pages 52 - 65)

To consider the head of finance's report.

## **10. Exclusion of the public, including the press**

The chairman to move that in accordance with Section 100A(4) of the Local Government Act 1972, the public, including the press, be excluded from the remainder of the meeting to prevent the disclosure to them of exempt information, as defined in Section 100(I) and Part 1 of Schedule 12A, as amended, to the Act when the following items are considered:

### **The Charter, Abingdon**

(Category 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information.)

## **Exempt information under section 100A(4) of the Local Government Act 1972**

The council hereby gives notice that it intends to hold part of this Cabinet meeting in private to consider the following items for the reasons set out in the 'exclusion of the public, including the press' item above.

## **11. The Charter, Abingdon**

(Wards Affected: Abingdon Abbey and Barton)

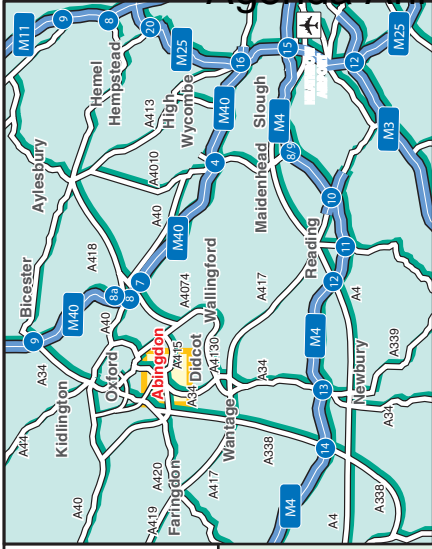
To consider the strategic director's report. **TO FOLLOW**



**Vale of White Horse**  
District Council

**Vale of White Horse District Council**  
Abbey House, Abbey Close, Abingdon, OX14 3JE

Tel: 01235 520202 Fax: 01235 532217  
[www.whitehorsedc.gov.uk](http://www.whitehorsedc.gov.uk)



© www.giveaway.co.uk 2008 Tel: 0800 019 0027.  
Mapping sourced from  
Ordnance Survey  
© Crown Copyright. PU100040256. Crown@2008.

**KEY: Car Parks**

- Abbey Close
- Cattle Market
- Charter Multi-storey
- Civic
- Rye Farm
- Hales Meadow
- Audlett Drive
- West St Helen Street

**By rail** – the nearest main line railway stations to Abingdon are either Didcot Parkway (seven miles) or Oxford (eight miles). Radley railway station is located on the main line between Oxford and Didcot and is three miles from Abingdon town centre. For details of train times visit [www.nationalrail.co.uk](http://www.nationalrail.co.uk) or call 08457 484950

**By bus** – there are a number of bus routes serving Abingdon town centre. For details of services and timetables, visit Oxfordshire County Council's website at [www.oxfordshire.gov.uk](http://www.oxfordshire.gov.uk). Contact details for bus operators can be found on the travel information pages on our website [www.whitehorsedc.gov.uk](http://www.whitehorsedc.gov.uk)

**Parking** – details of car parks charges can be found on our website

**Budget Virements requests received at 2 September 2013 for Cabinet Approval (or noting where approved under Delegated Powers)**

Table 1 in this report identifies all budget virements that must be authorised by Cabinet and reported to Council.  
 Table 2 lists those budget virements which have been approved under delegated powers and which are reported to Cabinet for information.

Budget virements do not increase the council's expenditure. The list includes a number of virements at a detailed level. This is to ensure that, wherever feasible, budget variances on day-to-day expenditure and income do not arise and that the real budget pressures and potential underspends can be correctly identified.

**Key to Type**

- 1 Within a subjective heading within a cost centre
- 2 Within a Cost Centre but across subjective headings
- 3 Within the cost centres of a service area
- 4 Across service areas
- 5 Over £10,000

**Table 1 - Virements for Approval by Cabinet**

Date	Account From	Cost Centre Code	Cost Centre Name	Account To	Cost Centre Code	Cost Centre Name	Virement Total £	Virement Percentage	Reason	Type
06/08/2013	4400	CL81	Waste Team	4708	CG11	Community Grants	5,000	9.4%	To increase the budget for Festival grants from £5,000 to £10,000 in 2013/14	3
<b>Total Virements</b>							<b>5,000</b>			

Summary	
Total Type 1	0
Total Type 2	0
Total Type 3	5,000
Total Type 4	0
Total Type 5	0
<b>Total</b>	<b>5,000</b>

Date	Account From	Cost Centre Code	Cost Centre Name	Account To	Cost Centre Code	Cost Centre Name	Cost Centre Code	Cost Centre Name	Virement Total £	Virement Percentage	Reason	Type
------	--------------	------------------	------------------	------------	------------------	------------------	------------------	------------------	------------------	---------------------	--------	------

**Table 2 - Virements approved under Delegated Powers for noting**

22/07/2013	4999	SB31	Contingency	4400	PS41	General Property		5,000	n/a	To provide budget for a consultant project planner to assist on the office accommodation project	4
06/08/2013	4427	CM31	Communications	1400	CS41	CS Admin		440	1.3%	To create a team training budget for Corporate Strategy	3
06/08/2013	4427	CM31	Communications	1400	HR88	CORP Training		1,000	3.0%	To top up the Corporate Strategy training budget held by Human Resources	4
<b>Total Virements</b>								<b>6,440</b>			

Summary	Total
Total Type 1	0
Total Type 2	0
Total Type 3	440
Total Type 4	6,000
Total Type 5	0
<b>Total</b>	<b>6,440</b>

# Cabinet Report



Report of Head of Legal and Democratic Services

Author: Robert Draper

Telephone: 01235 540304

Textphone: 18001 01235 540304

E-mail: robert.draper@southandvale.gov.uk

Wards affected: All

To: Cabinet

DATE: 4 October 2013

## Joint Gambling Policy

### Recommendations

The Cabinet is recommended to consider the recommendation of the Licensing Acts Committee and to recommend Council to:

- (i) adopt the proposed Joint Gambling Policy
- (ii) authorise the Head of Legal and Democratic Services to make minor editorial changes to the Joint Gambling Policy.
- (iii) authorise the Head of Legal and Democratic Services to publish the Joint Gambling Policy in accordance with the Gambling Act 2005 (Licensing Authority Policy Statement)(England and Wales) Regulations 2006.

### Purpose of Report

1. To consider the recommendation of the Licensing Acts Committee on the Joint Gambling Policy following the statutory consultation.

### Strategic Objectives

2. The Joint Gambling Policy will further the council's role in improving public safety and promoting the economy in both district council areas. A joint policy will also promote economic development through consistent standards. In addition, it will improve the efficiency of the licensing teams by clarifying the alignment of processes and procedures.

## **Background**

3. The Vale of White Horse District Council's current Gambling Policy came into effect from 31 January 2010. The policy is subject to statutory review every three years. The current review has been delayed due to awaiting guidance from the Gambling Commission. South Oxfordshire District Council's current Gambling Policy came into effect from 31 January 2010. As both the policies are due for renewal the decision was taken by portfolio holders and chairmen from both councils to harmonise the two policies into a joint policy.

## **Proposed policy**

4. The amended joint policy has no significant changes to the current Vale policy.
5. The only difference between the two council's current policies is the 'no casinos' clause in the Vale area.

## **Consultation results**

6. The consultation lasted six weeks from 21 June until 2 August 2013. It was a public consultation and went out to all councillors, parish councils and Responsible Authorities as defined under the Gambling Act 2005.
7. There were nine responses to the consultation. The data is shown in the supporting papers entitled 'Supplementary Data' in appendix one to this report.
8. There were no clear trends in the data. Most respondents were in favour of, or neutral about, the overall policy. Five of the nine respondents were opposed to the removal of the 'no casino' clause in the Vale area.

## **Licensing Acts Committee recommendation**

9. The Vale Licensing Acts Committee, at its meeting 17 September 2013, voted to recommend to Council to retain the 'no casino' clause under Section 166 (1) of the Gambling Act 2005. Subject to this change in the policy it voted to recommend the amended Joint Gambling Policy to the Cabinet for recommendation to the Council.
10. The South Licensing Acts Committee on 19 September 2013 considered the consultation responses and the Joint Gambling Policy as amended by the Vale committee. The South Licensing Acts Committee voted to recommend the amended Joint Gambling Policy to the Cabinet for recommendation to the Council.
11. There were some minor wording changes to the policy as a result of observations by the committee but the main difference between the consultation version of the Joint Gambling Policy and the amended version is the change in section 4.9.3 to reflect the difference in approach over the consideration of applications for licensed casino premises. The amended policy is shown in Appendix 2.

## **Gambling policy adoption process**

12. The Gambling Act 2005 is prescriptive about how different democratic structures should adopt different elements of the legislation. For the adoption of the Gambling Policy the process is:



- Licensing Acts Committee recommend to Cabinet that recommends to full Council

13. Cabinet must not make any recommendation or opinion to Council regarding the adoption of a 'no casino' clause under section 166 (1) of the Gambling Act 2005. For the adoption of a 'no casino' clause the process is:

- Licensing Acts Committee recommend to Council

## **Implementation**

14. Once the Council has adopted a new Gambling Policy it must publish a notice of intention to adopt the new policy four weeks before the new policy comes into force. The policy will be due for renewal on 1 February 2016.

## **Financial Implications**

15. There are no financial implications arising from the adoption proposed policy.

## **Legal Implications**

16. The joint policy has been drafted to reflect current legislative requirements. All applications for licences and permits under the Gambling Act 2005 have to be made and determined in accordance with the council's gambling policy.

## **Risks**

17. Failure to reflect the requirements of the Gambling Act 2005 and associated regulations could result in the councils not complying with the legislation. Having a clear policy helps to ensure that licensing decisions comply with the legislation and are made fairly and consistently.

## **Conclusion**

18. The Cabinet is recommended to consider the recommendation of the Licensing Acts Committee and to recommend Council to:

(i) adopt the proposed Joint Gambling Policy

(ii) authorise the Head of Legal and Democratic Services to make minor editorial changes to the Joint Gambling Policy.

(iii) authorise the Head of Legal and Democratic Services to publish the Joint Gambling Policy in accordance with the Gambling Act 2005 (Licensing Authority Policy Statement)(England and Wales) Regulations 2006.

## **Background Papers**

None

## APPENDIX 1

# Cabinet Report: Joint Gambling Policy



## (Supplementary data)

Report of Head of Legal and Democratic Services

Author: Robert Draper

Telephone: 01491 823426

Textphone: 18001 01491 823426

E-mail: robert.draper@southandvale.gov.uk

Wards affected: All

Verbatim comments	
<b>Comments - If you have any comments about changes to the policy on casinos please write in below</b>	
Resident (?)	No comment to make
Resident (?)	No comment to make
Sutton Courtenay PC	Sutton Courtenay Parish Council had no comments to make
Marcham PC	Marcham Parish Council is extremely sadden to think that the District Council is considering a change to its policy not to permit casinos in the area
Resident (Vale)	The Vale needs to demonstrate (through local referendum) that the community wishes to have a casino. I doubt anyone is asking specifically for a casino so why change now. Whilst there maybe an economic and employment value, I doubt it is significant and I think we be differentiating between the types of jobs we want to attract. Casino employment would not be top of my list
North Hinksey PC	The Parish Council encourages the VWHDC to maintain a "No Casino" policy
Wokingham BC	No comment to make
Reading BC	No comment to make
Thame Town Council Environment Group	No comment to make

<b>Additional comments - If you have any other comments or suggestions about the draft Gambling Policy please write in below</b>	
Resident (?)	The Districts need to include a policy to overcome the issue of Betting Premises opening multiple shops in close proximity in order to overcome the limit of 4 gaming machines of category B (B2, B3 or B4). Our town high streets do not need multiple betting shops.
Resident (?)	Personally I think there should be a limit to the number of adult gaming premises and betting shops permitted in a geographical area. Frankly there are too many betting shops and gambling establishments in town centres. It openly encourages gambling which can have very negative effect on the local community.
Marcham PC	No comment to make
North Hinksey PC	No comment to make
Resident (Vale)	Not had time to completely review the policy - it is too long. Have you not got a summary document?
Sutton Courtenay PC	No comment to make
Wokingham BC	No comment to make
Reading BC	No comment to make
Thame Town Council Environment Group	After examination of the Joint Statement of Licensing Policy (South Oxfordshire District Council and Vale of White Horse District Council) the Committee endorsed the draft policy document and fully concurred with its purpose. The policy was sufficiently drawn to cover all aspects as contained in the Gambling Act 2005 and was proportionate, sensible and understandable. RESOLVED: That the recommendation to South Oxfordshire District Council be that the Joint Statement of Licensing Policy be adopted without amendment.

<b>Organisation Details</b>	<b>District</b>	<b>Responding as:</b>	<b>Agreement with overall policy</b>	<b>No Casino clause</b>
	Both	Resident	Tend to disagree	The Vale should keep its current policy
	Both	Resident	Tend to agree	The Vale should keep its current policy
	Vale of White Horse	Resident	Neither agree nor disagree	The Vale should keep its current policy
Sutton Courtenay PC	Vale of White Horse	Parish	Neither agree nor disagree	Don't know
Marcham PC	Vale of White Horse	Parish	Strongly disagree	The Vale should keep its current policy
North Hinksey PC	Vale of White Horse	Parish	Tend to agree	The Vale should keep its current policy
Wokingham BC	Both	A Responsible Authority	Neither agree nor disagree	Don't know
Reading BC	Both	A Responsible Authority	Neither agree nor disagree	Don't know
Thame TC Environ. Group	Both	A Responsible Authority	Strongly agree	Don't know



**Vale  
of White Horse**

*District Council*



**South Oxfordshire  
District Council**

*Listening Learning Leading*

## **Statement of Principles**

## **The Gambling Act 2005**

## **Joint statement of licensing policy**

DRAFT

This policy was adopted by the Vale of White Horse District Council at the meeting of Council on ##### 2013 and South Oxfordshire District Council at the meeting of Council on ##### 2013 and comes into force from ##### 2013 and will be reviewed by 1 February 2016.

<b>Reference</b>	<b>Section</b>
	Glossary
1.0	Introduction
1.1	Scope
1.1.1	Licensing authorities
1.1.2	Vale of White Horse District Council area
1.1.3	South Oxfordshire District Council area
1.1.4	Council functions
2.0	Background
2.1	Purpose of policy
2.2	Persons consulted
2.3	Declaration
2.4	Responsible authorities
2.5	Interested parties
2.6	Licensing objectives
2.7	Decision making and delegation or powers
2.8	Reviews of premises licences
2.9	Appeals against the decisions of the council
2.10	Enforcement
2.11	Exchange of information
2.12	Application procedure
2.13	Fees
3.0	Permits
3.1	Unlicensed family entertainment centre machine permits
3.2	(Alcohol) licensed premises gaming machine permits
3.3	Club gaming and club machine permits
3.4	Prize gaming permits
4.0	Premises Licences
4.1	Primary gambling activity
4.2	Premises
4.3	Location
4.4	Conditions
4.5	Door supervisors
4.6	Adult gaming centres
4.7	Licensed family entertainment centres
4.8	Tracks
4.9	Casinos
4.10	Betting premises
4.11	Bingo
4.12	Temporary use notices
4.13	Provisional statements
4.14	Travelling fairs

	<b>Annexes</b>
Annex 1	Map of the Vale of White Horse District Council area
Annex 2	Map of the South Oxfordshire District Council area
Annex 3	List of persons / bodies responding to the consultation on this policy
Annex 4	List of responsible authorities
Annex 5	Licensing authority delegations
Annex 6	Summary of gaming machine categories and machine provisions by premises

DRAFT

## **GLOSSARY**

### **Adult Gaming Centres**

Adult gaming centres (AGCs) are a category of gambling premises contained within the Act. Persons operating an AGC must hold a gaming machines general operating licence from the Commission and must seek a premises licence from the licensing authority. The holder of an adult gaming centre premises licence may make available for use up to four category B3 or B4 machines, any number of category C or D machines.

### **Amusement arcades**

These are not referred to as such in the Act. See adult gaming centres and licensed and unlicensed family entertainment centres.

### **Betting**

Betting means making or accepting a bet on the outcome of a race, competition, or any other event; the likelihood of anything occurring or not occurring; or whether anything is true or not true.

### **Bingo**

Bingo has no statutory definition in the Act. It has its ordinary and natural meaning. The distinction between cash bingo, where cash prizes are derived from the stakes, and prize bingo, where prizes were not directly related to the stakes paid, under the previous legislation has been removed for commercial operators, and the holder of a bingo operating licence will be able to offer any type of bingo game, whether cash or prize. That means that premises with a bingo premises licence, or a casino premises licence (where the operator holds a bingo as well as a casino operating licence), will be able to offer bingo in all its forms. So too will alcohol-licensed premises, club and miners' welfare institutes (up to a total weekly prize value of less than £2,000).

Prize bingo is traditionally played in arcades, or travelling funfairs. For these operators, prize bingo is subsumed within the allowances for prize gaming in the Act. This means that adult gaming centres, both licensed and unlicensed family entertainment centres, travelling fairs, and any premises with a prize gaming permit will be able to offer prize gaming, which includes prize bingo.

### **Casino**

An arrangement whereby people can participate in one or more casino games.

### **Casino games**

Games of chance not being equal chance gaming. i.e. games in which players stake against a "bank".

## **Councils**

The licensing authorities. The Vale of White Horse District Council in its capacity as the licensing authority for the area of Vale of White Horse and South Oxfordshire District Council in its capacity as the licensing authority for the area of South Oxfordshire.

## **Equal chance gaming**

This is a game where the chances of winning are equally favourable to all participants, and which does not involve playing or staking against a “bank”. It is immaterial how the “bank” is described and whether or not it is controlled by a player.

### **Exempt activities:**

Private betting is betting which takes place between inhabitants of the same premises or between employees of the same employer.

Private gaming (which is gaming that takes place in private dwellings and on domestic occasions) is exempt from licensing or registration providing that no charge is made for participating; only equal chance gaming takes place; and it does not occur in a place to which the public have access.

Non commercial gambling is when no part of the proceeds/profits will be for private gain. The proceeds/profits are the sums raised by the organisers, for example, by way of fees for entrance or participation, or by way of stakes, minus an amount deducted by the organiser in respect of costs reasonably incurred in organising the event including the provision of a prize. The following conditions would also have to apply:

- the profits will be for a purpose other than that for private gain
- the players are informed that the purpose of the gaming is to raise money for a specified purpose other than that of private gain
- the event must not take place in premises which either have a premises licence or on premises relying on a temporary use notice under the new act
- the gaming must not be remote.

Any Regulations made by the Secretary of State will need to be complied with and will include for example regulations limiting the amounts staked and limiting participation fees. If the profits from the activity are used for a purpose other than that which was specified, an offence would be committed.

## **Gambling**

Gambling is defined as: gaming, betting or participating in a lottery.



## **Games of chance**

This covers games that involve both chance and skill. This includes games in which skill can eliminate an element of chance and includes games that are presented as involving an element of chance. It does not include a sport. Playing a game of chance need not involve other participants.

## **Gaming**

Gaming means playing a game of chance for a prize.

## **Guidance**

The Gambling Commission under section 25 of the Act are required to issue guidance on the manner in which local authorities are to exercise their functions under the Act, in particular, the principles to be applied by local authorities in exercising their functions under the Act.

## **Interested parties**

Interested parties are defined under section 158 of the Act. To accept a representation from an interested party, the council must take the view that the person:

- lives sufficiently close to the premises to be likely to be affected by the authorised activities
- has business interests that might be affected by the authorised activities
- represents persons in either of these groups.

Interested parties can also be a councillor or an MP.

## **Licensed Family Entertainment Centres**

These premises require operating licences from the Gambling Commission. They will be able to offer gaming machines in categories C and D. Gaming machines are a form of gambling which is attractive to children and Licensed Family Entertainment Centres may contain machines of the Category D machines on which they are allowed to play as well as category C which they are not permitted to play on.

## **Lottery**

A 'lottery' is where persons are required to pay in order to take part in an arrangement, during the course of which one or more prizes are allocated by a process which relies wholly on chance.

## **Operating Licence**

The Act requires that individuals or companies who intend to provide facilities for certain types of gambling must obtain an operating licence from the Gambling Commission. In general, these licences cover the principal commercial forms of gambling operation. Operating licences may be issued for the following forms of gambling:

- a casino operating licence
- a bingo operating licence
- a general betting operating licence
- a pool betting operating licence
- a betting intermediary operating licence
- a gaming machine general operating licence (for an adult gaming centre)
- a gaming machine general operating licence (for a family entertainment centre)
- a gaming machine technical operating licence (to manufacture, supply, install, adapt, maintain or repair a gaming machine or part of a gaming machine)
- a gambling software operating licence (to manufacture, supply, install or adapt gambling software)
- a lottery operating licence.

## **Premises Licence**

A premises licence issued by a licensing authority authorises the provision of facilities on casino premises, bingo premises, betting premises, including tracks, adult gaming centres and family entertainment centres.

## **Representations**

In dealing with applications the council is obliged to consider representations from two categories of person, referred to in the Act as interested parties and responsible authorities.

## **Unlicensed Family Entertainment Centres**

These premises can provide category D machines providing prizes of up to £5 cash or £8 in goods. Stakes are limited to 10p (or 30p for a goods prize). They can also offer prize bingo.

## 1.0 INTRODUCTION

### 1.1 Scope

- 1.1.1 Gambling activities are regulated by The Gambling Act 2005 ('the Act'). The Vale of White Horse and South Oxfordshire District Councils are licensing authorities for the purposes of the Act. This 'Statement of Principles' ('policy') covers both the districts of the Vale of White Horse District Council and South Oxfordshire District Council ('the councils'). The act requires the councils to produce a statement of principles concerning their duties under the Act every three years.
- 1.1.2 Vale of White Horse District Council covers approximately 224 square miles. It borders the City of Oxford, Swindon, South Oxfordshire, West Oxfordshire and West Berkshire. It has three main towns: Abingdon, Wantage and Faringdon. Each has a town council, with 65 parish councils covering the other areas. These towns are traditional market towns, which act as local centres for their residents and the surrounding villages. Much of the district is rural in nature, including part of the North Wessex Downs Area of Outstanding Natural Beauty (AONB); a map of the area is attached as Annex 1. The 2011 census recorded a population of 121,000. In the census of 2001 the Vale's population was 115,627, an increase of 5,500, roughly 4.6% per cent.
- 1.1.3 South Oxfordshire District Council covers nearly 260 square miles. Its boundary reaches from the edge of the City of Oxford in the north-west along the borders of Buckinghamshire and Berkshire to the outskirts of Reading in the South. It has four main towns: Didcot, Henley, Thame and Wallingford, with Didcot becoming increasingly dominant as the main urban centre. Much of the district is rural in nature and most of the southern part of the district sits in either the Chilterns or North Wessex Downs AONB. The Northwest of the district forms part of the Oxford green belt. A map of the area is attached as Annex 2. The 2011 census recorded a population of 134,300. In the census of 2001 the district's population was 128,000, an increase of 6,300, roughly 4.6% per cent. Tourism provides the district with an annual income of approximately £160 million.
- 1.1.4 The Act gives the councils various regulatory functions in relation to gambling. The councils' main functions under the Act 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 (FECs) 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
- maintaining a register of premises licences (for casinos, bingo halls, adult gaming centres, family entertainment centres, betting shops and race tracks).

There is an obligation on the councils to provide information annually to the gambling commission to include details of licences, permits and registrations issued.

The councils maintain statutory registers of premises licensed under the Act. The registers can be viewed on the relevant council's website or by prior request at the relevant council office.

## **2.0 BACKGROUND**

### **2.1 Purpose of policy**

It is expected that the councils regulate gambling in the public interest. The purpose of this policy is to ensure the councils' compliance with the Act, to protect the health and welfare of the general public and to assist businesses by ensuring they are aware of the councils' requirements and the way in which the councils carry out their regulatory functions.

### **2.2 Persons consulted**

The following bodies/persons were consulted on this policy and their views taken into consideration:

- the Chief Constable of Thames Valley Police
- businesses and individuals in the councils' areas who held a premises licence granted under the Act at the time consultation commenced
- one or more persons who appeared 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 Act. A full list of consultees is attached at Annex 3.

## 2.3 Declaration

This policy has been produced with due regard to the licensing objectives, the Gambling Commission's draft 'Guidance to Licensing Authorities 4<sup>th</sup> edition' and the responses received as part of the consultation process. The policy was under consultation for a six week period from 21 June 2013 and was agreed by both the Vale of White Horse District Council and South Oxfordshire District Council on 23 October 2013 and 24 October 2013 respectively. It shall be in force for no longer than three years and it may be reviewed and amended at any time within the three year period. The policy does not override the right of any person to make an application, make representations about an application or apply for a review of a licence. Each application and representation will be considered on its own merits and in accordance with the Act. The policy has been agreed taking into account the Human Rights Act 1998 and the councils will consider the need to balance the legislation and the principles contained within the policy with the human rights of all parties, be they licence holders, applicants or interested parties.

## 2.4 Responsible Authorities

Under the Act responsible authorities are public bodies who must be notified of applications and who are entitled to make representations to the licensing authority in relation to applications for and in relation to, premises licences. The responsible authorities for both councils are:

- the licensing authority
- the Gambling Commission
- the Chief Constable of Thames Valley Police
- Oxfordshire Fire and Rescue Service
- the planning authority (within the relevant council)
- the local town council, parish council or parish meeting
- the environmental protection department (of the relevant council)
- a body designated in writing by the licensing authority as competent to advise about the protection of children from harm (see 2.4.2)
- HM Revenue & Customs
- any other persons prescribed in regulations by the Secretary of State.

Contact details for the above authorities are included at Annex 4

2.4.1 In the event that the premises are a vessel, the following bodies are also responsible authorities:

- the Environment Agency

- the British Waterways Board
- the Secretary of State for Transport (who acts through the Maritime and Coastguard Agency)

2.4.2 In exercising the councils' powers under section 157(h) of the Act to designate a body competent to advise them 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 a 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 councils have designated the Oxfordshire Safeguarding Children Board at Oxfordshire County Council for this purpose.

## 2.5 Interested Parties

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

- live sufficiently close to the premises to be likely to be affected by the authorised activities;
- have business interests that might be affected by the authorised activities; or
- represent persons who satisfy (a) or (b) (see 2.5.4)

2.5.2 Whether or not a person is an interested party is a decision that will be taken by the relevant council on a case-by-case basis, judging each case on its merits. However, the following factors will be taken into account:

- the size of the premises (for example, larger premises may affect people over a wider geographical area)
- the nature of the activities planned or already taking place
- 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 circumstances 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) a 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 is particularly relevant when representations are made by another gambling business who state their business interests may be affected, however whether or not there is demand for the premises shall not be taken into account).

2.5.3 This list is not exhaustive and other factors may be taken into consideration if the councils deem it necessary.

2.5.4 The councils considers the following people / bodies 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
- district, county, town and parish councillors
- MPs
- school head-teachers
- community groups
- charities
- faith groups
- medical practices
- bodies that exist to help people with gambling addictions such as GamCare or Gamblers Anonymous.

2.5.5 In other cases, the councils shall require written evidence that the person / association / body represent an interested party.

## **2.6 Licensing objectives**

In exercising their functions under the Act, the councils must have regard to the licensing objectives as set out in section one 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.

The councils will aim to permit the use of premises for gambling as required by section 153 of the Act.

- 2.6.1 The councils can only make decisions based on the Licensing Objectives and not for unrelated moral, ethical or business reasons, for example, a general dislike of gambling, or expected demand.

## **2.7 Decision making and delegation of powers**

- 2.7.1 All applications for the grant or review of a licence or permit will be considered on their own merits. The Act makes it clear that neither issues of demand for a premises nor compliance with planning or building regulations are to be considered when councils make decisions about applications. With regard to premises licences, the councils will consider all applications in accordance with the principle contained in section 153 of the Act. Responsible Authorities and Interested Parties may only make representations relevant to the licensing objectives listed at paragraph 2.6. For clarification, these are different to the licensing objectives of the Licensing Act 2003.

- 2.7.2 The councils expect applicants to show that they have policies and procedures in place to promote the licensing objectives, for example; exactly how they intend to ensure that children cannot gamble in their premises. Applicants are required to consider the following steps in promoting all three objectives:

- proof of age schemes
- Closed Circuit Television (CCTV)
- supervision of entrances / gambling areas
- physical separation of areas (for example when gaming machines are provided in pubs where children are permitted or in gaming centres where children may be permitted to play on some but not all of the machines)
- location of and entry to premises
- notices / signage
- training for staff on challenging persons suspected of being under-age
- training for staff on how to recognise someone with or developing a gambling addiction and what action to take



- training for staff on the types of crime that may occur as part of gambling and what action to take
- specific opening hours (for example if the premises is sited near a school or job centre)
- self-barring schemes
- provision of information leaflets / helpline numbers for organisations such as GamCare.

2.7.3 The councils will not automatically refuse an application for the grant of a licence because a Responsible Authority or Interested Party has concerns relating to one of the licensing objectives, they will take into account any measures the applicant may offer to put into place to overcome the concerns. Factors mentioned in paragraph 2.5.2 will be balanced with the merits of the application and the Licensing Objectives.

2.7.4 The Act defines at what level decisions may be made within councils – see Annex 5. Where representations have been received and remain un-resolved to the satisfaction of all parties, the Licensing Act Panel will hold a hearing to decide whether a licence, statement or club gaming permit will be granted.

2.7.5 Guidance on making applications for licences or permits, to make representations regarding application or to request a review can be found on the relevant council website or by contacting the relevant licensing team.

## **2.8 Reviews of Premises Licences**

2.8.1 Section 197 of the Act provides that an application for a review of a premises licence may be made by a Responsible Authority or Interested Party. There are regulations governing reviews (The Gambling Act 2005 (Premises Licences) (Review) Regulations 2007) which state that the person applying for the licence to be reviewed must do so in writing using a prescribed form, stating the reasons why a review is being requested and submitting it to the relevant council with any supporting documents. They must then send the same information to all (other) Responsible Authorities within seven days. Failure to do this will mean that the review process is halted until the documents are received by all parties.

2.8.2 The relevant council must grant the application for a review unless it thinks the grounds on which it is sought:

- are not relevant to this policy, or any guidance or codes of practice issued by the Gambling Commission, or the Licensing Objectives
- are frivolous

- are vexatious
- ‘will certainly not’ cause the council to revoke or suspend a licence or to remove, amend or attach conditions to the premises licence
- are substantially the same as the grounds cited in a previous application or substantially the same as representations made at the time the licence was granted, depending on how much time has passed (the licence should not be reviewed based on the same arguments that have already been considered by the relevant council).

2.8.3 Within seven days of receiving the application to review a premises licence, the relevant council will publish notice of the application in accordance with the regulations mentioned in paragraph 2.7.4.

2.8.4 Representations in response to the application must be made within the 28 days which follow publication of the notice and the relevant council must carry out the review as soon as possible after the 28 days has ended.

2.8.5 If the relevant council deems action is justified, its options are to:

- add, remove or amend a licence condition imposed by the relevant council
- exclude a default condition imposed by the Secretary of State (relating to for example, opening hours) or remove or amend such an exclusion
- suspend the premises licence for a period not exceeding three months
- revoke the premises licence.

2.8.6 The relevant council will notify the licence holder, the applicant for the review, any person who made representations, the Gambling Commission, the Chief Constable of Thames Valley Police and HM Revenue and Customs of the outcome of the review as soon as possible.

## **2.9 Appeals against a decision of the councils**

2.9.1 The act details the process for appeals against the councils’ decisions in regards to licences, permits, provisional statements and temporary use notices. In all cases appeals are to the local Magistrates’ Court within 21 days of the appellant’s receipt of the councils’ decision.

2.9.2 Any party may apply for a judicial review if they believe that a decision taken by the relevant council is:

- beyond the powers available to it
- subject to procedural impropriety or unfairness
- irrational (a decision so unreasonable no sensible person could have reached it).

## 2.10 Enforcement

2.10.1 The councils seek to secure compliance with the law in a variety of ways. Most contact with individuals and businesses is informal; providing advice and assistance over the telephone, during visits and in writing. Formal measures will include warnings, licence reviews and prosecution. The objective of these measures will be to ensure compliance with the three licensing objectives including any general or specific licence conditions.

2.10.2 Part 15 of the Act details inspections that may be made to check for compliance with the Act. The councils will adopt a risk-based approach to the inspection of gambling premises which will be operated in conjunction with the councils' current enforcement policy. 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.

2.10.3 Section 346 of the Act gives the councils the power to instigate criminal proceedings in respect of the offences specified in that section. The councils will ensure that enforcement is carried out in a fair and consistent manner and in accordance with the Regulatory Compliance Code (<http://www.bis.gov.uk/policies/better-regulation/improving-regulatory-delivery/implementing-principles-of-better-regulation/the-regulators-compliance-code>) and the councils' enforcement policy.

2.10.4 Copies of the above documents are available on request from the councils' licensing teams.

2.10.5 The councils will endeavour to work with, and avoid duplication with, other regulatory regimes so far as possible.

2.10.6 Concerns about manufacture, supply or repair of gaming machines will not be dealt with by the councils but will be referred to the Gambling Commission.

## 2.11 Exchange of information

- 2.11.1 The councils regard the lawful and correct treatment of information as important to the successful and efficient performance of their functions, and to maintain the confidence of the people / bodies they deal with. The councils will ensure that information is kept and shared lawfully and correctly.
- 2.11.2 The councils may share information in accordance with the following provisions of the Act:-
- sections 29 and 30 (with respect to information shared between the councils and the Gambling Commission)
  - section 350 (with respect to information shared between the councils and the other persons listed in Schedule 6 to the Act)
- 2.11.3 The purpose of information exchange is not only to fulfil the requirements under the Act, but also to enable both the Gambling Commission and the councils to carry out work related to their regulatory functions in a risk-based manner, using the best available information.
- 2.11.4 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 councils' policies in relation to data protection and freedom of information.
- 2.11.5 Any information sharing between the councils and Thames Valley Police must also be carried out in accordance with the information sharing protocol under the Oxfordshire memorandum of understanding.
- 2.11.6 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 councils' policies at [www.whitehorsedc.gov.uk](http://www.whitehorsedc.gov.uk) or [www.southoxon.gov.uk](http://www.southoxon.gov.uk) or alternatively members of the public and businesses can also access information and advice regarding licensing by obtaining independent legal advice or contacting the following bodies:
- Local Government Regulation ( formerly LACORS)  
[www.local.gov.uk](http://www.local.gov.uk)
  - DCMS (Department for Culture, Media and Sport)  
[www.culture.gov.uk](http://www.culture.gov.uk)
  - Citizens Advice Bureau  
[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

## 2.12 Application procedure

Applications for family entertainment centres, prize gaming and licensed premises gaming machine permits are to be made on the relevant council's forms available at either [www.whitehorsedc.gov.uk/services-and-advice/business/licensing/gambling](http://www.whitehorsedc.gov.uk/services-and-advice/business/licensing/gambling) or [www.southoxon.gov.uk/services-and-advice/business/licensing/gambling](http://www.southoxon.gov.uk/services-and-advice/business/licensing/gambling)

For all other types of licences and permits, the standard forms are available at:

[http://www.culture.gov.uk/what\\_we\\_do/gambling\\_and\\_racing/4153.aspx](http://www.culture.gov.uk/what_we_do/gambling_and_racing/4153.aspx).

Applicants must ensure that they are aware of what should accompany each application (for example a plan of the premises). Each of the websites mentioned details these requirements.

## 2.13 Fees

Maximum licence fees are set by the government; however each council sets its own fees up to these maximums. Fees set by the councils are subject to annual review. A list of current fees to accompany the different licence / permit applications can be found by accessing the councils' websites at either [www.whitehorsedc.gov.uk/services-and-advice/business/licensing/gambling](http://www.whitehorsedc.gov.uk/services-and-advice/business/licensing/gambling) or <http://www.southoxon.gov.uk/services-and-advice/business/licensing/gambling>

## 3. PERMITS

Please refer to [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk) for the latest details on machine categories including maximum stakes and pay-outs permitted and the entitlement of certain premises to certain categories and numbers of machines. A list of entitlements as at January 2013 is included at Annex 6

The councils will expect applicants to be able to demonstrate a full understanding of the maximum stakes and prizes of the gambling that is permitted in their premises and that staff are trained to have a full understanding of them also.

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

### **3.1 Unlicensed family entertainment centre gaming machine permits (FECs)**

- 3.1.1 Unlicensed FECs are able to offer category D machines if granted a permit by the relevant 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 relevant council.
- 3.1.2 The councils can grant or refuse an application for an FEC permit, but cannot attach conditions.
- 3.1.3 As unlicensed family entertainment centres appeal to children and young persons, the councils expect applicants to pay particular attention to the example measures detailed in paragraph 2.7.2.
- 3.1.4 In considering the protection of children, the councils will expect the applicant to show not only how they intend to protect children from gambling but also that they have taken into account wider child protection considerations in their policies and procedures. The efficacy of such policies and procedures will each be considered on their merits.
- 3.1.5 The councils will not grant a permit for unlicensed family entertainment centres if the applicant has a relevant conviction (as set out in Schedule 7 to the Act). Applicants will be required to undergo an enhanced criminal records bureau check.

### **3.2 (Alcohol) licensed premises gaming machine permits**

The Gambling Commission has published a number of useful leaflets and guidance about gaming machines and other types of gambling specifically to provide information to premises authorised to sell alcohol. These can be found at:

[http://www.gamblingcommission.gov.uk/publications\\_guidance\\_advic.aspx](http://www.gamblingcommission.gov.uk/publications_guidance_advic.aspx)

- 3.2.1 Premises licensed to sell alcohol for consumption on the premises are automatically entitled to two gaming machine permits, 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.
- 3.2.2 The councils 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.

3.2.3 If the holder of the premises licence wishes to have more than two machines in the premises, they will need to apply for a permit.

3.2.4 As there may be children in some alcohol licensed premises, the councils expect applicants to pay particular attention to the example measures detailed in paragraph 2.7.2. in order to protect the children.

3.2.5 It is recognised that some alcohol licensed premises may apply for a premises licence for their non-alcohol licensed areas. Any such application would need to be applied for and dealt with under the Gambling Act, not the Licensing Act.

3.2.6 The councils can decide to grant the application with a smaller number of machines and / or a different category of machines than that applied for, however conditions cannot be attached to the permit.

### **3.3 Club gaming and club machine permits**

The numbers and categories of machine permitted are different to non-clubs. Please refer to [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk) for the latest maximum stakes and pay-outs permitted for each machine category and numbers of machine(s) permitted.

3.3.1 The councils may grant members' clubs and miners' welfare institutes (but not commercial clubs) club gaming permits which authorise the establishments to provide gaming machines, equal chance gaming and games of chance.

3.3.2 If a members' club or a miners' welfare institute does not wish to have the full range of facilities permitted by a club gaming permit, they may apply to the councils for a club machine permit under section 273 of the Act.

3.3.3 To qualify, 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. Bridge and whist clubs will be permitted, replicating the previous 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 the Royal British Legion, sports and social clubs and clubs with political affiliations.

3.3.4 The councils must satisfy themselves that the club genuinely meets the requirements of the Act to obtain a club gaming permit and therefore may ask for supporting documents. The following is a list of matters that will be considered:

- the procedures for guests accepted into the club
- how the club is advertised
- the running of the club, for example committee meetings, financial accounts and election of committee members.

This list is not exhaustive and the councils may ask for any documents they feel are necessary in determining whether or not a club is genuine, even if it has already been granted a Club Premises Certificate under the Licensing Act 2003.

3.3.5 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 or miners' welfare institute 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 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.

3.3.6 Under section 72 of the Act, 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 a council can refuse a permit are reduced.

3.3.7 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 of the Act



- that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- that a club gaming permit or club gaming machine permit issued to the applicant in the last ten years has been cancelled

3.3.8 The councils may grant or refuse an application for a club gaming or club machine permit but cannot attach any conditions to it. However there are a number of conditions in the Act that the holder must comply with. These are contained in the Gaming Machine Permits Code of Practice issued by the Gambling Commission. This can be found on the Gambling Commission's website [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)

### **3.4 Prize gaming permits**

3.4.1 Section 288 of the Act defines gaming as prize gaming if the nature and size of the prize is not determined by the number of people playing or the amount paid for, or raised by the gaming.

3.4.2 Casinos, bingo premises, adult gaming centres and licensed family entertainment centres do not require a permit in order to offer prize gaming.

3.4.3 Travelling fairs do not require a permit in order to offer equal chance prize gaming, provided that taken together, the facilities for gambling are ancillary to the fair.

3.4.4 Children and young persons may participate in equal chance prize gaming only.

3.4.5 Applicants for a prize gaming permit should set out the types of gaming that they are intending to offer. The applicant should be able to demonstrate:

- that they understand the limits on stakes and prizes that are set out in Regulations; and
- that the gaming offered is lawful.

3.4.6 The councils can grant or refuse an application for a permit, but cannot attach any conditions to it. However, there are four 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.

3.4.7 Councils can only grant a permit if they have consulted the chief officer of police about the application. Applicants must disclose any relevant convictions they may have to the council and the council will consider any objections that the police make about the suitability of person or the premises, including its location and the potential for disorder.

## **4. PREMISES LICENCES**

### **4.1 Primary gambling activity**

4.1.1 Premises licences authorise the provision of gambling activities in:

- casinos
- bingo premises
- betting premises (including tracks and premises used by betting intermediaries)
- adult gaming centres and
- family entertainment centres.

4.1.2 Premises licences will be considered in accordance with the principles set out in paragraph 2.7.

### **4.2 Premises**

4.2.1 In the Act a premises is defined as 'any place'. No more than one premises licence can apply to any place, however one premises may hold more than one premises licence so long as the building can be genuinely separated. In determining whether or not the separation is genuine, the councils will base their decisions on the following:

- are the premises registered separately for business rates?
- are the premises owned by the same person?
- can each of the premises be accessed from the street or is access to one only via the other or another gambling premises?

4.2.2 Roping off and different coloured carpets are examples of methods used by some proprietors to artificially sub-divide premises and the councils will not consider premises 'divided' as such as two separate premises.

4.2.3 Where two or more licences are applied for within the same building and the council does consider separation genuine, the applicant(s) must still demonstrate how they will uphold the licensing objectives, with particular reference to how they plan to control the access from one part of the building into the other, in order to protect children from accidentally or otherwise accessing types of gambling to which they are not authorised.

### **4.3 Location**

4.3.1 The location of premises may be relevant to the promotion of the licensing objectives. In particular, premises located in close proximity to the following may give rise to concern

- schools
- vulnerable adult centres
- residential areas with a high concentration of children.

4.3.2 Much will depend upon the type of gambling that is proposed will be offered on the premises. The councils will consider the location on a case-by-case basis. If the proposed location does pose a risk to the promotion of the licensing objectives, the applicant must demonstrate how they propose to overcome such concerns.

### **4.4 Conditions**

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

- (a) mandatory – set by the Secretary of State, some set out in the Act and some to be prescribed in regulations, for all, or classes of licence

- (b) default – to be 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

4.4.2 Any conditions imposed by the councils will be proportionate to the circumstances that they are seeking to address. In particular, the councils 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 of premises and
- are reasonable in all other respects.

4.4.3 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, winnings or prizes.

## **4.5 Door supervisors**

4.5.1 It is not a mandatory requirement of the Act to impose a condition relating to door supervision. However, if the councils consider it necessary to impose a condition on a premises licence requiring the presence of door supervisors they shall be licensed by the Security Industry Authority (SIA).

4.5.2 There is an exemption for 'in house' employees working as door supervisors at licensed casino or bingo premises, however 'contract' staff employed as door supervisors will need to be licensed by the SIA.

The councils may still impose specific requirements on these unlicensed door supervisors if they considered it necessary at particular premises.

## **4.6 Adult gaming centres**

- 4.6.1 Operators of an adult gaming centre must obtain an operating licence from the Gambling Commission and a premises licence from the relevant council. This will allow the operator to make category B, C & D machines available to their customers.
- 4.6.2 In considering licence applications for adult gaming centres, consideration will be given to the need to protect children and vulnerable persons from harm or being exploited by gambling. The councils will therefore expect applicants to demonstrate that there will be sufficient measures in place to promote this objective.

## **4.7 Licensed family entertainment centres**

- 4.7.1 Operators of a licensed family entertainment centre will require an operating licence from the Gambling Commission and a premises licence from the relevant council. This will allow the operator to make category C & D machines available to their customers.
- 4.7.2 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 category C machines.
- 4.7.3 As family entertainment centres will particularly appeal to children and young persons, consideration shall be given to child protection issues. Where category C machines are available in licensed family entertainment centres the councils will 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 category C machines are located
  - access to the area where the category C machines are located is supervised
  - the area where the category C 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.

## **4.8 Tracks**

- 4.8.1 Tracks are sites (including racecourses and dog tracks) where races or sporting events take place. Operators of tracks will require a premises licence from the relevant council, but they do not need to obtain an operating licence from the Gambling Commission (although they may have one).
- 4.8.2 Tracks may be subject to one or more than one premises licence, provided each licence relates to a specified area of the track.
- 4.8.3 It is 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. In relation to the areas used for betting, special dispensation from this rule is provided for dog tracks and horse racecourses on days when racing takes place. On these days families will be entitled to attend a track or racecourse and children may 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 councils will therefore expect that suitable measures are in place to prevent children from entering such areas.
- 4.8.4 Holders of betting premises licences in respect of tracks who also hold a pool betting operating licence may make available up to four gaming machines (categories B2 to D) on the track. The councils 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.
- 4.8.5 The councils 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.
- 4.8.6 The councils 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 as well as any other proposed gambling facilities.

4.8.7 Plans submitted with the application should be clearly marked to show what licensable activities will take place where and how children will be separated from category C machines.

4.8.8 The councils will accept occasional use notices for tracks in accordance with section 39 of the Act.

## 4.9 Casinos

4.9.1 The act states that operators of a casino must obtain an operating licence from the Gambling Commission and a premises licence from the relevant council.

4.9.2 In July 2012 a Culture, Media and Sport Select Committee reviewed the Act and recommended that any local authority should be able to make its own decision about whether or not to have a casino in its district. The Committee also recommended that the licences for casinos that were licensed under the pre-existing Gaming Act of 1968 be made portable, allowing operators to relocate to any local authority (with the authority's consent).

4.9.3(a) **Vale of White Horse District Council:** Policy not to allow applications for a casino.

Section 166 of the Act gives the council the power to pass a 'no casino' resolution, meaning that applications for a casino would not be considered. The council has adopted a 'no casino' resolution on the basis that this rural district with country market towns is an inappropriate place for a casino, that casinos are better located in large towns or cities, and the council should also protect the most vulnerable people from gambling in casinos. This resolution is required to be renewed within three years.

4.9.3(b) **South Oxfordshire District Council:** Policy to allow applications for a casino

Section 166 of the Act gives the council the power to pass a 'no casino' resolution, meaning that applications for a casino would not be considered. The council has not adopted a 'no casino' policy. As such, all applications received for a premises licence to operate a casino in the council area would be judged on their own merits, in accordance with paragraph 2.7 and the requirements set out in paragraph 4.9.4.

4.9.4 The councils shall require applicants for casino licences to:

- submit a procedure with their application for the reporting of any suspicious activity
- follow a policy of requiring proof of identification to be shown on entering the casino in order to act as a deterrent to those considering using the casino for criminal activities (such as money laundering) and to effectively support gambling self-exclusion schemes
- detail any entertainment to be provided
- submit details of employee training to promote the Licensing Objectives
- submit a policy to promote the protection of children and vulnerable persons
- submit a policy regarding the identification of and interventions in force to aid problem gamblers
- set aside at least one 'training room' where customers can learn how to play the various games offered in a non-threatening environment. The room shall clearly display information on how and where help for problem gambling can be sought
- set aside a quiet area as a refuge from gambling. The room shall clearly display information on how and where help for problem gambling can be sought.

## **4.10 Betting premises**

- 4.10.1 Betting premises are those premises which take bets 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 relevant council.
- 4.10.2 It is unlawful for anyone under the age of 18 to place a bet. Persons under the age of 18 shall not be permitted to enter a premises licensed for betting.
- 4.10.3 The councils expect applicants to demonstrate how they will ensure that neither children nor vulnerable persons are able to place a bet, for example by detailing proof of identification and self-barring schemes and staff training.
- 4.10.4 At the time of writing, the holder of a betting premises licence may make available for use up to four gaming machines of category B (B2, B3 or B4), C or D.
- 4.10.5 The councils may, in accordance with section 181 of the Act, enforce the number of betting machines, their nature and the circumstances in which those machines are made available for use. When considering whether to impose such conditions, the councils will take into account the following:



- the size of the premises
- the number of counter positions available for person-to-person transactions and
- the ability of staff to monitor that machines are not used by children and young persons or by vulnerable people.

## **4.11 Bingo**

- 4.11.1 Operators of premises offering bingo (cash or prize bingo) will require a bingo operating licence from the Gambling Commission and a premises licence from the relevant council.
- 4.11.2 The council will need to be satisfied that bingo can be played in any premises for which it grants a bingo premises licence. This is a relevant consideration where the operator of an existing bingo premises applied to vary their licence to exclude an area of the existing premises from its ambit and then applied for a new premises licence, or multiple licences for that or those excluded areas.
- 4.11.3 The councils note the unusual circumstances in which the splitting of a pre-existing premise into two adjacent premises might be permitted and in particular that it is not permissible to exceed 20 per cent of the total number of B3 machines available for use in the premises.
- 4.11.4 Children and young people are allowed into bingo premises, however they are not permitted to participate in the bingo and if category B or C machines are present, these must be separated from areas where children and young people are allowed. Where category C or above machines are available in premises to which children are admitted the councils will 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
  - 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.

## **4.12 Temporary use notices**

- 4.12.1 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.
- 4.12.2 There are a number of statutory limits concerning the use of temporary use notices. Please refer to [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk) for details of the maximum numbers of days premises may be used and for other restrictions.
- 4.12.3 If objections are received to a temporary use notice (from the Police, Gambling Commission, HM Revenue & Customs 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).
- 4.12.4 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.
- 4.12.5 The councils will apply the principles set out in paragraph 2.7 of this statement to any consideration as to whether to issue a counter-notice.

## **4.13 Provisional statements**

- 4.13.1 Section 204 of the Act provides for a person to make an application for a provisional statement in respect of premises they expect to be constructed, altered or expect to acquire the right to occupy. For example, a developer may wish to apply for a provisional statement to see whether or not a premises licence would be issued prior to entering into a contract to buy or lease the premises. Equally, a provisional statement may be applied for where there is already a premises licence in force but the application is for a different type of gambling.
- 4.13.2 An applicant need not hold an operating licence from the Gambling Commission before applying for a provisional statement and the councils shall not take into account the likelihood of an operating licence

being granted in determining whether or not to grant the provisional statement.

- 4.13.3 If a provisional statement has been granted, the fee for the subsequent premises licence application will be less and the councils are constrained in considering matters; no further representations from Responsible Authorities or Interested Parties may be taken into account unless they concern matters which could not have been addressed at the provisional statement stage or they reflect a change in the applicant's circumstances.
- 4.13.4 The councils may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:
- which could not have been raised by way of representations at the provisional licence stage
  - which, in the council's opinion, reflect a change in the operator's circumstances
  - where the premises has not been constructed in accordance with the plan and information submitted with the provisional statement application. (There must be a substantial change to the plan and the council shall discuss any concerns with the operator before coming to a final decision).

#### **4.14 Travelling fairs**

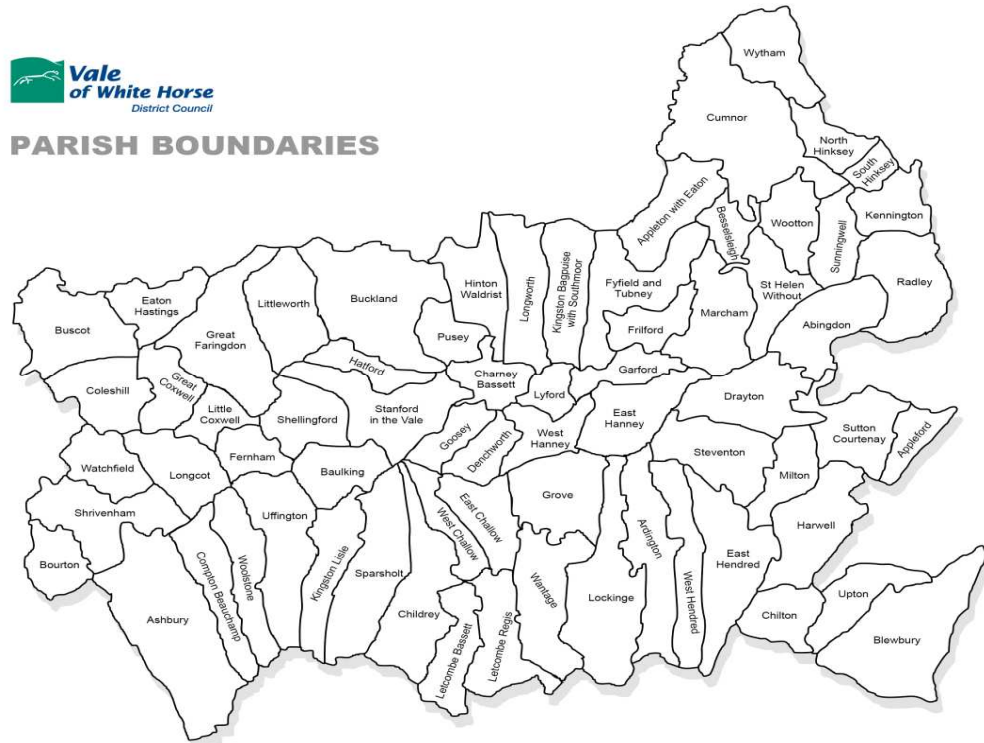
- 4.14.1 The Act defines a travelling fair as, 'wholly or principally' providing amusements.
- 4.14.2 To be exempt from requiring a permit for gaming machines, the fair must be on a site that is not used for a fair for more than 27 days per calendar year (regardless of whether it is the same or different travelling fairs which occupy the land).
- 4.14.3 Fairs may provide an unlimited number of category D machines provided the facilities for gambling amount to no more than ancillary amusement to the fair.
- 4.14.3 Whilst the gaming machine providers may be exempt from the requirement to hold a permit, they must comply with the legal requirements about how the machines operate.
- 4.14.4 The councils will liaise with neighbouring authorities to ensure that land used for fairs which crosses local authority boundaries is monitored.

# ANNEX 1

## Map of the Vale of White Horse District Council Area



### PARISH BOUNDARIES



DK

# ANNEX 2

## Map of the South Oxfordshire District Council Area



## ANNEX 3

### List of persons / bodies responding to the consultation on this policy

<b>Organisation Details</b>	<b>Responding as:</b>
Resident	Resident
Resident	Resident
Resident	Resident
Sutton Courtenay Parish Council	Parish Council
Marcham Parish Council	Parish Council
North Hinksey Parish Council	Parish Council
Thame Town Council: Environment Group	Town Council
Wokingham Borough Council	Responsible Authority
Reading Borough Council	Responsible Authority

DRAFT

## ANNEX 4

### List of responsible authorities

The Responsible Authorities for the council areas under the Act, and their contact details are as follows.

Contact details may change, and other responsible authorities may be designated by regulations by the Secretary of State. For latest information, please check with the relevant council's licensing team.

		Contact details for preliminary discussions or follow-up enquiries
Responsible Authority	Address	Telephone, e-mail and website
The Licensing Authorities	Licensing Team Vale of White Horse District Council Abbey House Abingdon, OX14 3JE	01235 540534 <a href="mailto:licensing.unit@whitehorsedc.gov.uk">licensing.unit@whitehorsedc.gov.uk</a>  <a href="http://www.whitehorsedc.gov.uk/services-and-advice/business/licensing">www.whitehorsedc.gov.uk/services-and-advice/business/licensing</a>
	Licensing Team South Oxfordshire District Council Benson Lane, Crowmarsh Gifford, Wallingford, OX10 8ED	01491 823209 <a href="mailto:licensing@southoxon.gov.uk">licensing@southoxon.gov.uk</a>  <a href="http://www.southoxon.gov.uk/services-and-advice/business/licensing">www.southoxon.gov.uk/services-and-advice/business/licensing</a>
The Planning Authorities	Planning Vale of White Horse District Council Abbey House Abingdon, OX14 3JE	01235 540347 <a href="mailto:planning@whitehorsedc.gov.uk">planning@whitehorsedc.gov.uk</a>  <a href="http://www.whitehorsedc.gov.uk/services-and-advice/planning-and-building">www.whitehorsedc.gov.uk/services-and-advice/planning-and-building</a>
	Planning South Oxfordshire District Council Benson Lane, Crowmarsh Gifford, Wallingford, OX10 8ED	01491 823740 <a href="mailto:planning@southoxon.gov.uk">planning@southoxon.gov.uk</a>  <a href="http://www.southoxon.gov.uk/services-and-advice/planning-and-building">www.southoxon.gov.uk/services-and-advice/planning-and-building</a>
Environmental Health	Environmental Protection Vale of White Horse District Council Abbey House Abingdon, OX14 3JE	01235 540555 <a href="mailto:environmentalprotection@whitehorsedc.gov.uk">environmentalprotection@whitehorsedc.gov.uk</a>  <a href="http://www.whitehorsedc.gov.uk/services-and-advice/environment">www.whitehorsedc.gov.uk/services-and-advice/environment</a>
	Environmental Protection South Oxfordshire District Council Benson Lane, Crowmarsh Gifford, Wallingford, OX10 8ED	01491 823203 <a href="mailto:env.health@southoxon.gov.uk">env.health@southoxon.gov.uk</a>  <a href="http://www.southoxon.gov.uk/services-and-advice/environment">http://www.southoxon.gov.uk/services-and-advice/environment</a>

Gambling Commission	Gambling Commission Victoria Square House Victoria Square Birmingham B2 4BP	0121 230 6500 <a href="mailto:info@gamblingcommission.gov.uk">info@gamblingcommission.gov.uk</a>  <a href="http://www.gamblingcommission.gov.uk">www.gamblingcommission.gov.uk</a>
Thames Valley Police	Chief Constable, Thames Valley Police Headquarters Oxford Road Kidlington OX5 2NX	01865 266109 <a href="mailto:licensing@thamesvalley.pnn.police.uk">licensing@thamesvalley.pnn.police.uk</a>  <a href="http://www.thamesvalley.police.uk">www.thamesvalley.police.uk</a>
Fire and Rescue Service	Oxfordshire Fire and Rescue Service Sterling Road Kidlington OX5 2DU	01865 842999 <a href="mailto:fire.service@oxfordshire.gov.uk">fire.service@oxfordshire.gov.uk</a>  <a href="http://www.oxfordshire.gov.uk/cms/public-site/fire-and-rescue-service">http://www.oxfordshire.gov.uk/cms/public-site/fire-and-rescue-service</a>
Oxfordshire Safeguarding Children Board	Oxfordshire Safeguarding Children Board c/o Children, Young People & Families Directorate Oxfordshire County Council, County Hall, New Road Oxford OX1 1ND	01865 810628 <a href="mailto:oscb@oxfordshire.gov.uk">oscb@oxfordshire.gov.uk</a>  <a href="http://www.oscb.gov.uk">www.oscb.gov.uk</a>
Revenue and Customs	Her Majesty's Revenue and Customs	0845 010 9000 Not contactable by e-mail  <a href="http://www.hmrc.gov.uk">www.hmrc.gov.uk</a>



## ANNEX 5

### Licensing authority delegations

Matter to be dealt with	Full Council	Licensing Acts Panel	Officers
Final approval of three year licensing policy statement	X		
Policy not to permit casinos	X		
Fee setting (when appropriate)	X		
Application for premises licence		Where representations have been received and not withdrawn	Where no representations received or all have been withdrawn
Application for a variation to a licence		Where representations have been received and not withdrawn	Where no representations received or all have been withdrawn
Application for a transfer of a licence		Where representations have been received from the Commission	Where no representations received from the Commission
Application for a provisional statement		Where representations have been received and not withdrawn	Where no representations received or all have been withdrawn
Review of a premises licence		X	
Application for club gaming/ club machine permits		Where objections have been made and not withdrawn	Where no representations received or all have been withdrawn
Cancellation of club gaming/ club machine permits		X	
Applications for other permits			X
Cancellation of licensed premises gaming machine permits			X
Consideration of temporary use notice			X
Decision to give a counter notice to a temporary use notice		X	

X indicates the lowest level to which decisions can be delegated

## ANNEX 6

### Summary of gaming machine categories

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

## Summary of machine provisions by premises

	Machine Category							
	A	B1	B2	B3	B4	C	D	
<b>Large casino</b> (machine/table ratio of 5-1 up to maximum)		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)						
<b>Small casino</b> (machine/table ratio of 2-1 up to maximum)		Maximum of 80 machines: Any combination of machines in categories B to D (except B3A machines), within the total limit of 80 (subject to machine/table ratio)						
<b>Pre-2005 Act casinos</b> (no machine/table ratio)		Maximum of 20 machines categories B to D (except B3A machines) or any number of C or D machines instead						
<b>Betting premises and tracks occupied by Pool Betting</b>		Maximum of 4 machines categories B2 to D (except B3A machines)						
<b>Bingo Premises</b>					Maximum of 20% of the total number of machines available for use on the premises category B3 or B4	No limit on category C or D machines		
<b>Adult gaming centre</b>					Maximum of 20% of the total number of machines available for use on the premises category B3 or B4	No limit on category C or D machines		
<b>Family entertainment centre</b> (with premises licence)							No limit on category C or D machines	
<b>Family entertainment centre</b> (with permit)							No limit on Category D machines	
<b>Clubs or miners' welfare institute</b> (with permit)					Maximum of 3 machines in categories B3A or B4 to D*			
<b>Qualifying alcohol licensed premises</b>							1 or 2 machines of category C or D automatic upon notification	
<b>Qualifying alcohol licensed premises</b> (with gaming machine permit)						Number as category C or D machines on permit		
<b>Travelling Fair</b>						No limit on category D machines		
	<b>A</b>	<b>B1</b>	<b>B2</b>	<b>B3</b>	<b>B4</b>	<b>C</b>	<b>D</b>	

\*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.

## Report to:

# **Audit and Governance Committee Cabinet Council**

Report of: Head of Finance

Author: Nikki Thomas

Tel: 01235 540429

E-mail: [nikki.thomas@southandvale.gov.uk](mailto:nikki.thomas@southandvale.gov.uk)

Cabinet Member responsible: Matthew Barber

Tel: 07816 481452

E-mail: [matthew.barber@southandvale.gov.uk](mailto:matthew.barber@southandvale.gov.uk)

To: Audit and Corporate Governance Committee on: 23 September 2013

To: Cabinet on: 4 October 2013

To: Council on: 23 October 2013

## **Treasury management outturn 2012/13**

That Audit and Governance Committee:

1. Notes the treasury management outturn report 2012/13 and
2. Is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy.
3. Make any comments and recommendations to cabinet as necessary.

That Cabinet:

Considers any comments from Audit and Governance Committee and recommends Council to:

1. Approve the treasury management outturn report for 2012/13;
2. Approve the actual 2012/13 prudential indicators within the report.

### **Purpose of Report**

- 1 The report fulfils the legislative requirements to ensure the adequate monitoring and reporting of the treasury management activities and that the council's prudential

indicators are reported to council at the end of the year. The report provides details of the treasury activities for the financial year 2012/13.

## **Strategic Objectives**

- 2 Effective treasury management is required in order to meet our strategic objective of managing our business effectively. Managing the finances of the authority in accordance with the treasury management strategy will help to ensure that the resources are available to deliver our services and meet the council's other strategic objectives.

## **Background**

- 3 The council's treasury activities are strictly regulated by legislation. The CIPFA Prudential Code and CIPFA Treasury Management Code of Practice requires a report to be provided at the end of the year. The report covers the treasury activity for 2012/13.
- 4 The 2012/13 treasury management strategy was approved by council on 23 February 2012. This report provides details on the treasury activity and performance for 2012/13 against the prudential indicators and benchmarks set for the year. Full council is required to approve this report.
- 5 An update on the economic conditions and interest rate forecasts is contained in appendix 'A'.

## **Icelandic bank default – Landsbanki Islands hf**

- 6 As previously reported, the Council has an investment of £1m with Landsbanki. The Icelandic Government has stated its intention to honour all its commitments as a result of their banks being placed into receivership.
- 7 In April 2011 the Reykjavik District Court ruled that local authorities' claims qualified for priority under Icelandic bankruptcy legislation. The decision was appealed to the Icelandic Supreme Court who affirmed the district court's ruling in October 2011. Subsequently the Reykjavik District Court recognised the council's claim at £1,004,890.41 (being the principal sum plus interest due).
- 8 It is estimated that we will receive the full amount of the claim, although repayments will be received in stages up to 2018. The first distribution payment was made in December 2011, to date the council has received £481,311. Councillors will be periodically informed on the latest developments as they become known. In March 2012 the Winding Up Board for Landsbanki Islands hf anticipated that recovery would exceed the book value of claims and as a result the Council is eventually likely to recover 100 per cent of their deposit.

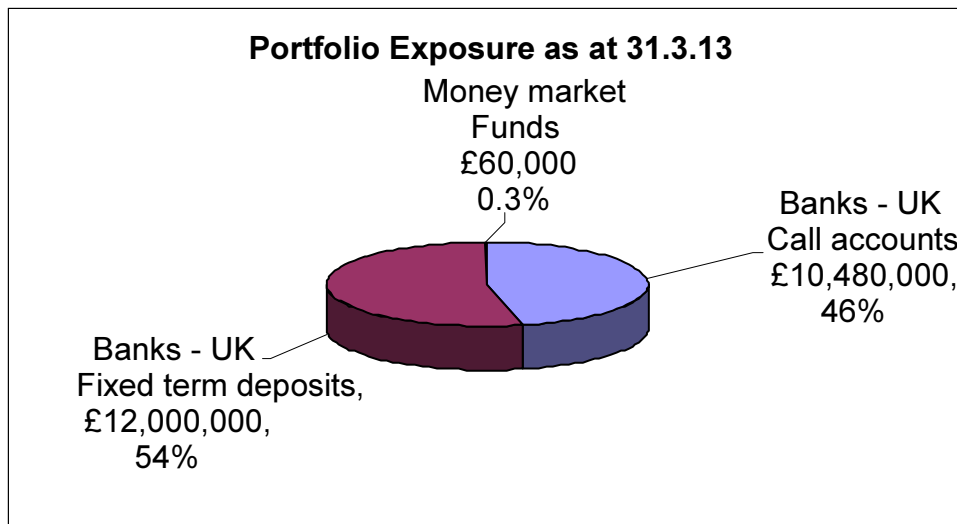
## Treasury activities in 2012/13

### Council investments as at 31 March 2013

9 The council's investments at 31 March 2013 were as follows:

<b>Table 1: maturity structure of investments at 30 March 2013:</b>		
	<b>£000's</b>	<b>% holding</b>
Call	10,480	46%
Money market fund	60	0%
Up to 4 months	8,000	35%
5 to 6 months	4,000	18%
6 months to 1 year	-	0%
<b>Total investments</b>	<b>22,540</b>	<b>100%</b>

- 10 The majority of the funds invested are held in the form of fixed interest rate and term cash deposits. These provide some certainty over the investment return. The investment profile is organised in order to ensure sufficient liquidity for revenue and capital activities, security of investments and to manage risks within all treasury management activities.
- 11 Funds managed externally by Investec were brought back in-house at the end of July 2012. These funds were reinvested directly in fixed term deposits. This decision has produced annual savings in management fees of £19,000 per annum in addition to the increase in investment income for the year.
- 12 Money market rates in the last six months of the year have fallen significantly. One year rates have dropped by over 1.25 per cent. The governments Funding to Lending Scheme (FLS) has provided access to cheap borrowing for both banks and building societies. This has reduced the demand within the money markets significantly and had a real impact on the investment rates. It has been difficult to find re-investment opportunities which also meet the security and risk criteria.
- 13 The weighted average maturity period at the end of the year was 45 days.
- 14 The chart below shows in percentage terms how the portfolio is spread across investment types:



### Investment income

15 The total investment income achieved in 2012/13 was £553,000 compared to the original budget estimate of £417,000 as shown in table 1 below:

Table 2: Investment interest earned by investment type			
Investment type	Actual Budget £000's	Actual Interest £000's	Variation £000's
Call accounts	177	67	110
Cash deposits	-	433	(433)
MMFs	-	6	(6)
Fund Manager	240	47	193
<b>Total Interest</b>	<b>417</b>	<b>553</b>	<b>(136)</b>

16 The actual return achieved was 33 per cent higher than the original budget. This was due to :

- The average rates achieved on internally managed investments were higher than originally forecast.
- The average maturity period for investments was extended throughout the first six months of the year.
- Average balances throughout the year have remained higher than forecast.

17 The total actual average interest rate achieved for the year was 2.04 per cent.

## Performance measurement

18 A list of investments as at 31 March 2013 is shown in appendix B. The average level of investments held throughout the year was £27 million and the average return on these investments is shown below in table 3.

<b>Table 3: investment returns achieved against benchmark</b>				
	Benchmark return	Actual return	Growth (below)/above benchmark	Benchmarks
	%	%	%	
Bank & building society deposits - managed in house	0.39%	2.04%	1.65%	7 day LIBID
Industry average*	0.39%	1.12%	0.73%	

\*Source : Sector weighted average of 6 fund managers' results covering 35 funds

19 The table shows in summary the performance of the council's investments against the benchmarks set out in the treasury management strategy. These benchmarks are used to assess and monitor the council's investment performance. The annual investment strategy set the benchmark target for internal cash invested as the 7day LIBID. The performance for the year of 2.04% exceeded the benchmark by 1.65 per cent and was 0.92 per cent above the industry average.

20 The council uses short-term investments to meet daily cash-flow requirements and has also aims to invest a proportion of the portfolio over longer dated cash deposits where possible. The weighted average life (WAL) of the council's investments has decreased to 45 days from 139 days in 2011/12. This is due to the rates we achieved on our call accounts exceeded the fixed term deposit rate for 12 month deposits and therefore investments were kept 'on call'.

### External Fund Managers

21 The funds managed by Investec of £10 million, were closely monitored over a period of months in 2012. Performance did not improve significantly. As a result officers took the decision to withdraw the remaining funds at the end of July 2012.

### Land and Property

22 The council holds a portfolio of non-operational assets, which includes land, offices and shops that are let on a commercial basis. These assets had a net book value of £20.8 million at 31 March 2013 (£29.4 million as at 31 March 2012) and generated income of £1.5 million (£1.4 million in 2011/12). This is equivalent to a gross return of 7.2% (2011/12, 4.7%), which excludes costs such as maintenance and management fees. Due to movement in property values and the exclusion of whole life costs, these rates of return should not be taken as a direct comparison with the treasury rates. The Economy, Leisure and Property (ELP) team manages investment property ensuring that rent is collected and rent reviews are implemented. The performance of the investment property is assessed annually to determine if assets should be retained or disposed of.



## Treasury management limits on activity

23 The council is required by the Prudential Code to report on the limits set each year in the treasury management strategy. The purpose of these limits is to ensure that the activity of the treasury function remains within certain parameters, thereby mitigating risk and reducing the impact of an adverse movement in interest rates. However, if these limits are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. During the year none of these limits were exceeded. These limits are shown in appendix C.

### Liquidity and yield

24 The benchmarks for liquidity are set to ensure that sufficient funds can be accessed at short notice. These are targets and not limits. The weighted average life (WAL) in days sets a benchmark for how long investments should be made and the maximum benchmark is a target set to ensure that investments are not made for too long. For example the amount to be maintained for liquidity was £10m and the actual of £11m was above the benchmark. The actual year end position for the WAL of 45 days was lower than the benchmark of 91 days and did not exceed the maximum of 360 days. This reduction was due to longer dated deposits maturing towards the end of 2013, and a lack of new opportunities to reinvest in deposits of a similar maturity length.

25 The year end position against the original benchmarks approved in February 2012 is shown below:

	2012/13 Benchmark £m	2012/13 Actual £m
Bank overdraft	0.5	0
Short term deposits - minimum available within 1 week	10	11
	2012/13 Benchmark	2012/13 Actual
Weighted average life (days)	91.0	45.0
Weighted average life - maximum	360.0	45.0

## Debt activity during 2012/13

26 During 2012/13 there has been no need for the council to borrow. The council will continue to take a prudent approach to its debt strategy. The prudential indicators and limits set out in appendix C provide the scope and flexibility for the council to borrow in the short-term up to the maximum limits, if such a need arose within the cash flow management activities of the authority, for the achievement of its service objectives.

## Financial implications

27 A year ago, forecasts were that inflationary pressures would mean that interest rates would have to start rising towards the end of 2012. This has not happened and the current outlook for growth in the UK economy means interest rates are very low and are likely to remain so. The investments made in 2012/13 ensured that the council earned interest of £553,000, however from 2013, income is anticipated to reduce until

market rates rise. This will be reflected in the council's 2014/15 budget and its medium term financial plan.

## **Legal implications**

28 There are no significant legal implications as a result of the recommendations in this report. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services, the DCLG Local Government Investment Guidance provides assurance that the council's investments are, and will continue to be, within its legal powers.

## **Conclusion**

29 As at 31 March 2013, the council's financial investments had a cost value of approximately £22.5 million. As a result of proactive management of investments held, and despite a fall in market interest rates, during 2012/13 investments generated £553,000 in investment income, which was £136,000 above the £417,000 original budgeted estimate. Officers identified mid year that the external funds were under performing and took steps to bring back a portion of these funds and re-invest in fixed term deposits at higher rates.

30 The financial year 2012/13 provided volatile conditions with regard to treasury management. Concerns for counterparty risk continue to present the council with a difficult environment to invest in. The main implications of these factors were:

- low investment returns and difficulty to forecast;
- increased counterparty risk – reduced choice of counterparties
- Interest rate exposure risk – due to investments held in short-term maturity periods.

31 Despite the continued uncertainty the overall investment performance was above the industry average for 2012/13. Investments were made in the year that provided a good return whilst maintaining security and liquidity.

## **Background papers**

- Chartered Institute of Public Finance and Accounting (CIPFA) code of practice for treasury management in the public sector.
- CIPFA treasury management in the public services code of practice and cross sectoral guidance notes
- Treasury Management Strategy 2012/13 – Council 23 February 2012.

## **Appendices**

- A – Economic update and interest rates
- B – List of investments as at 31 March 2013
- C – Prudential indicators
- D – Glossary of terms

### Economic Update and interest rates as at August 2013

- A1. Growth in the UK economy remains weak. National debt is expected to rise above 100 per cent of GDP by 2015-16 and this resulted in the UK losing its AAA rating.
  - A2. Household financial conditions remain subdued. Job fears, inflation eroding disposable incomes, small or no pay increases are all factors contributing to consumers ability to spend and overall living standards have fallen in real terms due to the sharp price rises relative to wages. Average real wages have fallen every month since June 2008. The squeeze on households' income will remain a critical factor in the economy over the next few years. Inflation is the main cause and will continue to have the greatest impact on living standards as real income will continue to decline. The slow recovery has meant that social security payments remain high and tax income is low.
  - A3. The Euro region suffered a further period of stress with Spain forced to officially ask for a bailout of its domestic banks. However, the ECB declared it would do whatever it takes to stabilise the Eurozone.
  - A4. The government Funding for Lending Scheme (FLS) has been introduced to improve access to mortgages at lower rates. This has affected lenders need to borrow and money market rates have fallen considerably as a result. There will be a need to increase interest rates and reverse the government bond purchases at some stage, but it is unlikely to happen in the next 12 to 24 months.
  - A5. Investor demand in UK gilts as a 'safe haven' continues to keep yield increases down. Long term rates will eventually rise, mainly due to the fact that high volumes of gilts have been issued already in the UK and also in other major western countries.
  - A6. The interest rate forecast is based on the assumption that growth starts to recover in the next three years. If the EZ crisis worsens or low growth in the UK continues the base rate is likely to remain low for longer than this forecast.
  - A7. Concerns over investment counterparty risk remain because of the volatile economic conditions. However the council's current treasury management policy manages this risk down to a low level.
1. Interest rates
- A8. The Bank of England changed its forecast significantly in the August Inflation report and upgraded its growth predictions to 1.4% in 2013 and 2.5% in 2014.
  - A9. Bank rate remained unchanged at 0.5% throughout the first half of 2012/13. The earlier forecast of a rate rise in Q4 of 2014 has been postponed until Q4 in 2016.

A10. Investment rates have remained flat with a range between 0.5 per cent to around 1.0 per cent for up to a year's maturity. This has dropped significantly as banks and building societies were offered further cheap cash supply via the FLS. The short term rates from one month to six months offer very little differential with six month rates ranging between 0.37 per cent and 0.55 per cent.

A11. Sector's forecast of the expected movement in medium term interest rates:

	NOW	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3 month LIBID	0.39	0.40	0.40	0.40	0.40	0.40	0.40	0.40
6 month LIBID	0.47	0.50	0.50	0.50	0.50	0.50	0.50	0.50
12 month LIBID	0.74	0.80	0.80	0.80	0.80	0.80	0.80	0.80
5 yr PWLB	2.20	2.20	2.20	2.20	2.20	2.20	2.30	2.40
10 yr PWLB	3.40	3.30	3.30	3.30	3.30	3.30	3.40	3.50
25 yr PWLB	4.30	4.20	4.20	4.30	4.30	4.40	4.50	4.60
50 yr PWLB	4.30	4.30	4.30	4.40	4.40	4.50	4.60	4.70
	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00
3 month LIBID	0.40	0.40	0.40	0.40	0.50	0.60	0.80	1.00
6 month LIBID	0.50	0.50	0.50	0.60	0.70	0.90	1.10	1.30
12 month LIBID	0.80	0.90	1.00	1.20	1.40	1.60	1.80	2.00
5 yr PWLB	2.50	2.60	2.80	2.90	3.00	3.20	3.30	3.40
10 yr PWLB	3.60	3.80	3.90	4.10	4.20	4.30	4.40	4.50
25 yr PWLB	4.70	4.80	4.90	5.00	5.00	5.10	5.10	5.20
50 yr PWLB	4.80	4.90	5.00	5.10	5.10	5.20	5.20	5.30

## Investments as at 31 March 2013

Counterparty	Deposit Type	Principal £	Rate
Lloyds TSB Bank Plc	Fixed	3,000,000	3.00%
Lloyds TSB Bank Plc	Fixed	2,500,000	3.00%
Lloyds TSB Bank Plc	Fixed	2,500,000	3.00%
Royal Bank of Scotland	Fixed	4,000,000	2.25%
Royal Bank of Scotland	Call	8,000,000	1.05%
Santander	Call	2,480,000	0.90%
Goldman Sachs	MMF	60,000	Variable
Total Investments		22,540,000	

<b>Prudential indicators as at 31 March 2013</b>		
	<b>2012/13 Original estimate £m</b>	<b>31.03.2013 Actual £m</b>
<b>Authorised limit for external debt</b>		
Borrowing	5	0
Other long term liabilities	0	0
	<b>5</b>	<b>0</b>
<b>Operational boundary for external debt</b>		
Borrowing	2	0
Other long term liabilities	0	0
	<b>2</b>	<b>0</b>
<b>Investments</b>		
<b>Interest rate exposures</b>		
Limits on fixed interest rates	50	23
Limits on variable interest rates	10	0
<b>Maximum principal sums invested &gt; 364 days</b>		
Upper limit for principal sums invested > 364 days	20	0

## Appendix D

### GLOSSARY OF TERMS

<b>Basis Point (BP)</b>	1/100th of 1%, i.e. 0.01%
<b>Base Rate</b>	Minimum lending rate of a bank or financial institution in the UK.
<b>Benchmark</b>	A measure against which the investment policy or performance of a fund manager can be compared.
<b>Bill of Exchange</b>	A financial instrument financing trade.
<b>Callable Deposit</b>	A deposit placed with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre agreed dates, before maturity. This decision is based on how market rates have moved since the deal was agreed. If rates have fallen the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.
<b>Cash Fund Management</b>	Fund management is the management of an investment portfolio of cash on behalf of a private client or an institution, the receipts and distribution of dividends and interest, and all other administrative work in connection with the portfolio.
<b>Certificate of Deposit (CD)</b>	Evidence of a deposit with a specified bank or building society repayable on a fixed date. They are negotiable instruments and have a secondary market; therefore the holder of a CD is able to sell it to a third party before the maturity of the CD.
<b>Commercial Paper</b>	Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.
<b>Corporate Bond</b>	Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
<b>Counterparty</b>	Another (or the other) party to an agreement or other market contract (e.g. lender/borrower/writer of a swap/etc.)

<b>CDS</b>	Credit Default Swap – a swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap.
<b>CFR</b>	Capital Financing Requirement.
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy.
<b>CLG</b>	Department for Communities and Local Government.
<b>Derivative</b>	A contract whose value is based on the performance of an underlying financial asset, index or other investment, e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.
<b>DMADF</b>	Deposit Account offered by the Debt Management Office, guaranteed by the UK government.
<b>ECB</b>	European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is to keep inflation within a band of 0 to 2%. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle.
<b>Equity</b>	A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital gain.
<b>Forward Deal</b>	The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.
<b>Forward Deposits</b>	Same as forward dealing (above).
<b>Fiscal Policy</b>	The government policy on taxation and welfare payments.
<b>GDP</b>	Gross Domestic Product.
<b>Gilt</b>	Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.
<b>LIBID</b>	London inter-bank bid rate
<b>LIBOR</b>	London inter-bank offered rate



<b>Money Market Fund</b>	A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short-term instruments. It is very similar to a unit trust, however in a MMF.
<b>Monetary Policy Committee (MPC)</b>	Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1% of a central target of 2.5% in two years time from the date of the monthly meeting of the committee. Their secondary target is to support the government in maintaining high and stable levels of growth and employment.
<b>Other Bond Funds</b>	Pooled funds investing in a wide range of bonds.
<b>PWLB</b>	Public Works Loan Board.
<b>QE</b>	Quantitative Easing.
<b>Retail Price Index</b>	Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person.
<b>Sovereign Issues (Ex UK Gilts)</b>	Bonds issued or guaranteed by nation states, but excluding UK government bonds.
<b>Supranational Bonds</b>	Bonds issued by supranational bodies, e.g. European Investment Bank. The bonds – also known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield (“spread”) given their relative illiquidity when compared with gilts.
<b>Treasury Bill</b>	Treasury bills are short-term debt instruments issued by the UK or other governments. They provide a return to the investor by virtue of being issued at a discount to their final redemption value.