

**REGULATORY IMPACT ASSESSMENT**  
**INCREASE IN GAMING AND LOTTERIES FEES 2004**

**The Gaming Act (Variation Of Fees) Order 2004**  
**The Lotteries (Gaming Board Fees) Order 2004**

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**1. Purpose and intended effect**

***The objective***

- 1.1 Gaming and lotteries fees are reviewed annually to ensure the costs in administering the controls on gaming and lotteries are met.

***The background***

- 1.2 The two Orders are made under the Gaming Act 1968 and Lotteries and Amusements Act 1976 and increase the fees for certain gaming licences and lotteries fees issued under the two Acts. These Orders amend the fees for:
- Section 27 certificates (Grant and renewal certificates for the sale, supply and maintenance of gaming machines);
  - Section 19 certificates (the Gaming Board of Great Britain's certificate of approval for casino employees and bingo club managers);
  - Society and local authority lottery registration fees and registrations of lottery managers.
- 1.3 The Orders cover England and Wales and Scotland.

***Risk assessment***

- 1.4 The Government's aim in setting these fees is to meet the cost of administering the licencing process. The licencing process enables the Gaming Board of Great Britain, the Courts and others to ensure that those involved in organising gaming are fit and proper to do so, and that gambling is kept free from criminal infiltration and is run fairly and in accordance with the law. If the fees are too high, the Government will be taking money out of the gaming and lottery sectors. If the fees are too low, the costs of administering the licensing regime would not be covered by fees received and the costs of regulation would need to be subsidised out of taxpayers' money. Either would be contrary to Treasury guidance and to the recommendations of the National Audit Office, which produced a report on the Gaming Board of Great Britain in 2000.<sup>1</sup> The report may be viewed on the NAO web site at [www.nao.org.uk](http://www.nao.org.uk). Table 1 below shows the expected income from fees (based on current fee levels) and the anticipated cost of regulation in 2004/5.

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<sup>1</sup> The NAO's conclusions, endorsed by the House of Commons Public Accounts Committee, was that there should be a more reliable basis for determining the costs of licencing and police authorities and achieving their full recovery, and that cross subsidies between various sectors of the gaming industry and lotteries should be eliminated.

Table 1	Income with no change in fees	Costs of regulation 2004/05
S 19 Employees Certificates	£724,200	£741,947
S27 Machine supplier's licence	£555,700	£600,630
Lotteries fees	£406,555	£423,877
Total	£1,686,455	£1,766,454

## Options

1.5 Two options have been identified.

### *Option 1 – leave fee levels at the 2003/04 rates i.e. no increases*

1.6 This would not meet the objectives set out in paragraph 1.1.

### *Option 2 – Increase lottery fees as shown in table 2 below*

1.7 This option will meet the objectives and ensure that costs of regulation are fully met by licence and registration fees.

Table 2	Old Fee £	New fee £	% Increase
S 19 Employees Certificates	204	210	2.95
S27 Machine supplier's licence			
New	5920	6425	8.54
Renewal	4050	4395	8.54
Lotteries			
>£200k	435	454	4.37
>£50k	290	303	4.48
>£20k	100	104	4.00
<£2k	100	104	4.00
Registration Fee (Society Normal)	4,600	4,810	4.57
Registration Fee (LA normal)	4,600	4,810	4.57
Renewal Fee (LA and Society)	180	188	4.44
Lottery Manager	14,220	14,850	4.43

## Benefits

### *Option 1 - leave fee levels at the 2003/04 rates i.e. no increases*

1.8 There will be no benefit. This option will not meet the objectives set out in paragraph 1.1 and there will be shortfalls on machine supplier registrations

and employee certificates and lottery registrations. The risks set out in paragraph 1.4 could come about.

**Option 2** – increase fees as described in paragraph 1.7

- 1.9 Increasing the fees will ensure that the costs of the regulation of gambling, i.e. those of the Gaming Board of Great Britain, the courts and the police, will be met by the industry. The fees requiring to be increased have been identified as being in those sectors where current fee levels would result in projected deficits, and the increases meet Treasury rules.

**Business sectors affected**

- 1.10 Society and local authority lotteries, casino and bingo clubs operators who employ staff requiring personal section 19 certificates and gaming machines suppliers and vendors.

**Costs**

**Compliance costs**

- 1.11 The compliance cost to business is the fee itself and administration costs in applying for the certificate or registration. The fees are calculated on the basis that each of these sectors will meet its own cost and reflect the anticipated cost of regulation during the financial year 2004/05.
- 1.12 The increases required to meet the regulatory costs are shown in Table 2.

**Option 1-** leave fee levels at the 2003/04 rates i.e. no increases.

- 1.13 The Gaming Board estimates that fees paid by the industry would be £1,686,455. This will be insufficient to cover the costs of regulation as shown in Table 1.

**Option 2 -** increase fees as described in paragraph 1.7

- 1.14 The Gaming Board estimates that fees paid by the industry would be £1,770,860. This will cover the full costs of regulation and leads to a small surplus of £4,406 as shown in the table below. Rises by the levels shown in Table 2 are necessary to cover an increase in checks that have had to be carried out into the probity of licence applicants and lottery registrations and to cover a proportion of costs for four new Board members that have been appointed to undertake new duties at the Board. It has not been possible to set these fees to exactly break even and there will a small surplus in each of the sectors concerned. The fees are rounded to the nearest £1 for administrative convenience. The aim is that receipts match costs as closely as possible based on the estimated demand for licences.

Table 3	Income from fees	Costs of regulation 2004/05
S 19 Employees Certificates	£745,500	£741,947
S27 Machine supplier's licences	£601,310	£600,630
Lotteries fees	£424,050	£423,877
Total	£1,770,860	£1,766,454

### Other costs

- 1.15 There are small costs associated in preparing the Orders and laying them before Parliament and informing the industry about the changes.

### Impact on small businesses

- 1.16 We do not expect these fees rises to place an unreasonable burden on small business and they meet the costs of regulating these sectors.

### Competition Assessment

- 1.17 A competition assessment has been carried out with the following results:

### Industry and lotteries

- 1.18 These Orders are unlikely to have a negative competitive impact those who supply or maintain gaming machines or lotteries. The fees are a very small proportion of the costs in setting up or entry to the business, or ongoing costs.
- 1.19 The fees are at a fixed rate and are exactly the same for all sectors of the industry applying for the same types of licences or registrations. All the new fees will be effective from 1 April 2004.

### Individuals

- 1.20 It is unlikely that the rise in the fee will influence potential employees from entering the gambling sector. A certificate once issued by the Gaming Board remains valid for the employee in respect of the employer identified until it is revoked.

### Enforcement, Monitoring and Review

- 1.21 Operators and employees must pay these fees before they are granted an appropriate licence or certificate. The Department for Culture, Media and Sport writes to the main industry representatives about the fees.

1.22 The Gaming Board of Great Britain reviews the fees annually to ensure that the fees cover the costs of regulating the gambling industry.

**Consultation**

1.23 The Gaming Board for Great Britain has been consulted.

**Summary**

1.24 It is recommended that option 2 is pursued. This will deliver the objectives set out in paragraph 1.1, it will cover the costs of regulation in 2004/05 and ensure that regulatory costs are met in full by the industry. This is therefore the option the Government prefers.

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**Ministerial Declaration:**

**I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs**

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