

REGULATORY IMPACT ASSESSMENT

BINGO

1. Title

1. The Gaming Act (Variation Of Monetary Limits) Order 2002
2. The Gaming Clubs (Hours And Charges) (Amendment) Regulations 2002
3. The Gaming Clubs (Multiple Bingo) (Amendment) Regulations 2002
4. Gaming (Bingo) Act (Variation of Monetary Limit) Order 2002

2. The issue and objective

Issue

The Government set up an independent review of the gambling laws in Great Britain in 1999 to consider how gambling should be regulated in the future. The Review's report made 176 recommendations for changes to the current system of control. The Report was published on 17 July 2001 and the Department of Culture Media and Sport invited comments. Around 270 formal submissions were received, together with more than 4700 letters about individual recommendations. A series of meetings was also held with industry representatives and other stakeholders.

The Report made a number of recommendations about bingo. Recommendation 98 and 99 are that there should be no statutory limits on the stakes and prizes in bingo games and that there should be no restriction on the frequency of multiple bingo games. The Government accepted these proposals in *A safe bet for success* published on 26 March 2002, which set out the Government's plans for the future regulation of the gambling industry. They said that they intended to bring a Bill to introduce their key reforms before Parliament as soon as time permits but in the meantime were keen to make progress and approve a number of interim changes which would provide useful gains in terms of deregulation and consumer choice and would not disturb the overall balance of regulation which was proposed.

Objective

The present law imposes monetary limits in some bingo games and on the amount operators can add to the prize pool. The Government promised to make significant increases to these limits during 2002 through subordinate legislation. It has also decided to increase the frequency of multiple bingo games, admission charges and the participation fee.

These changes will be as follows:

- ◇ The maximum added weekly prize money for bingo games played in any one club will rise from £10,000 to £20,000
- Ű The aggregate weekly prize in linked bingo games played in any one club or group of clubs will rise from £55,000 to £500,000
- Ű The maximum prize in games of multiple bingo will rise from £500,000 to £2,000,000
- Ű The total take, and the total prizes, in prize bingo games, as played in bingo clubs, will rise from £120 to £500

- ŭ The maximum frequency of multiple bingo games will rise from three a day to five a day
- ŭ The maximum daily admission charge in bingo clubs will rise from £10 to £20
- ŭ The maximum participation fee will rise from £5 to £10

3. Risk assessment

Prices to players may be increased with admission charges rising from £10 to £20 and participation fees from £5 to £10. Clubs want however to be able to have the flexibility in funding special events, such as high prize games and entertainment. It is generally unusual for them to charge anything like these limits and they are likely to discourage their customers from playing at all if they set their prices too high without providing value for money.

There may also be an impact on the National Lottery as a result of increasing the top National Game prize to £2,000,000. The Government does not consider that this should be a bar to change.

4. Options

Two options have been identified

Option 1 – leave any changes until the Gambling Bill

Option 2 – implement the increases in advance of the Bill as promised in *A safe bet for success*

The earliest estimates for a Bill are in the 2003/04 Parliamentary session.

5. Identifying, quantifying and valuing the benefits

The Gaming Board reports that the overall amount staked in licensed bingo clubs was £1.16 billion and duty paid was £115.8 million in 2001/2002, and that clubs have some 3 million active members. The Gambling Review reported that the average customer spends £15 - £20 a night at bingo with a net spend per visitor on bingo tickets of £8.44 and that there was an estimated 95 million admissions in 1999. It is possible that early changes to legislation will generate additional expenditure.

Option 1 – will mean that the Government does not meet its commitment to rapid relaxation of the controls in this area set out in *A safe bet for success* and will be unnecessarily restrictive given that the Gambling Review has recommended changes.

Option 2 - should generate immediate new income for clubs, ease unnecessary legislative restrictions and increase the attractiveness of bingo games.

6. Business sectors affected

Commercial bingo clubs will benefit.

7. Compliance costs

Since these measures merely relax existing regulations, they impose no compliance costs.

8. Small Business

The Gambling Review Report recorded that smaller bingo companies had expressed concern about higher stakes and prize limits because this could affect their ability to compete with larger companies who will offer bigger prizes. The Review Body argued however that the prospect of more competition should not artificially restrain stakes and prizes and that smaller companies could link together to offer bigger prizes and that the market should determine the limits. The Government agrees with this.

Small operators were also concerned about the amount of added prize money. They thought it unlikely that they would be able to build up enough of an added money fund without rollovers and that they would therefore be unable to compete with larger operators. Rollovers can only be allowed by changes to primary legislation and cannot therefore be brought about by secondary legislation. The Government has decided therefore to only double the amount currently allowed from £10,000 to £20,000 rather than allow bigger increases.

9. Other costs

None, other than preparing the secondary legislation.

10. Compliance and enforcement

The Gaming Board will ensure that bingo continues to be played in accordance with the legislation, supported by codes of practice.

11. Summary and recommendations

Option 1 – no early benefits possible to the industry and customers before a major Parliamentary Bill.

Option 2 – will meet the Government’s commitments in *A safe bet for success* and will go some way to remove unnecessary restrictions on the industry in the run up to a major Gambling Bill.

Declaration:

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

Signed by the responsible Minister

Date

Contact point: Graham Catt, Gambling and National Lottery Licensing Division, Department of Culture, Media and Sport 020 7211 6486