



department for
**culture, media
and sport**

Impact Assessment

Video games classification: a consultation

August 2008

improving
the quality
of life for all

Our aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.

Evidence Base

Costs

1. The first part of this section demonstrates the costs of the existing BBFC and PEGI systems for classifying video games. The second section entitled "Comparing the Options" sets out some of the assumptions we have had to make in order to apply these existing costing structures to the various options set out in the main consultation paper. The Impact Assessment then goes on to look in more detail at each of the options and demonstrates the costs and benefits of each one.

2. It is worth noting that as part of the consultation process for these options, we would welcome additional evidence and advice on the content of this assessment or any related matters, from interested parties to enable us to complete a more thorough and detailed impact assessment for the final option selected once the consultation is closed. Respondents are invited to provide this information as part of their response to the consultation document (Video Games Classification: a consultation), a copy of which sits alongside this impact assessment on the DCMS consultation webpage.

BBFC

3. The fee charged by the BBFC for the classification of video games is not a flat rate and depends on the complexity and scale of the game and the breadth and depth of the classification issues. The average cost overall of classifying a game in 2007 was £1,649.22. Cost is calculated on the basis of a £300 handling charge plus £6 per minute examination time. A single BBFC classification is valid across all platforms provided the content is essentially the same.

4. In 2007, BBFC received 276 games for classification of which it classified 262 (the remaining 14 were either incomplete or were withdrawn by the publisher). These 262 broke down into the following categories:

Table 1

Classification	Number	Percentage of whole
U	28	10.7
PG	37	14.1
12	40	15.27
15	95	36.26
18	62	23.67

(During this period BBFC also received up to ten interactive games submitted on Blu ray discs by DVD distributors rather than games publishers. 2008 is seeing an increase in the number of such submissions)

5. Of the games BBFC classified last year, 21% were not straightforward original submissions and included demos, samples and ports etc while the PEGI figures do not include these.

6. For the six months running from December 2007 to May 2008 the average time taken by the BBFC to allocate a classification to a game submitted to them was:

Table 2

December 2007	6.3 calendar days
January 2008	11.1 calendar days
February 2008	7.2 calendar days
March 2008	7.5 calendar days (excluding Manhunt 2 which involved litigation)
April 2008	8 calendar days
May 2008	7 calendar days

These figures factor out any delays that were due to incomplete submissions

7. The average sampling/playing time examiners spend on a game was:

Table 3

Category	Average sampling time, playing the game (minutes)
U	110
PG	150
12	165
15	230
18	250

8. The average cost per game is set out in Table 4:

Table 4

Classification	Average Cost (handling charge £300 plus £6 per minute)
U	£960
PG	£1,200
12	£1,290
15	£1,680
18	£1,800

Note that these figures represent the timings in minutes of non-linear game examination and do not include linear material.

PEGI

9. Fees are linked to product category and rate track. A product can be categorised as:

- a new game (one that has never been rated under the PEGI system before)
- Additional Platform (a game that has already been rated under PEGI as a New Game on one platform and which is then rated on another platform)
- Local Product (This applies where a rating is requested for a limited number of countries. The maximum number of countries is four. If the group of selected countries includes either the UK or France the local product category does not apply.)

10. Fees will also vary according to the rate track that is selected by the games publisher.

- Fast track – this guarantees a rating within five working days of submitting a rating request for a 12+, 16+ or 18+ game. The normal period is ten working days. The rating approval period starts running after the materials required for examination have been received by the VSC / NICAM. (NICAM is the Netherlands Institute for the Classification of Audiovisual Media.) The final licence will not be awarded until the necessary payment has been transferred to ISFE (Interactive Software Federation of Europe)

- Normal Rate Track – for all 3+ and 7+ ratings (standard period of three working days after payment transferred to ISFE). 12+, 16+ and 18+ ratings for which the normal rate track has been selected are processed within ten days after all conditions have been met by the publisher

Table 5

Product	Standard Fee	Fast Track Fee
New Game	€1000	€1500
Additional Platform	€500	€750
Local Product	€100	€150

11. From 1 January 2007 to 31 December 2007 PEGI awarded the classifications in Table 6.

Table 6

Classification	Number	Percentage of whole
3+	604	49.1
7+	175	14.2
12+	250	20.3
16+	97	7.9
18+	4	0.3

(Figures relate to games not platforms)

12. In addition, VSC referred 101 games to BBFC during this period (8.2% of whole) 50 of which were referred under the Video Recordings Act 1984. (The remaining 51 were referred because they contained linear content.) Of the 50 referrals 29 were rated 18, 19 were rated 15 and 2 were rated 12 by the BBFC.

Comparing the Options

13. The pricing structures of the BBFC and PEGI differ quite considerably which makes direct comparisons of costs quite difficult to achieve. In order to do so, we have made some assumptions and in some instances have given a range of figures. These assumptions may be challenged and we welcome comments or further evidence from respondents who either agree or disagree with them in order to inform our final decision.

14. To calculate the BBFC actual costs, we multiplied the total number of games rated at each level in table 1 by the average cost of rating games at the corresponding level in table 4. In order to calculate the PEGI actuals, we took the number of games rated at each level in table 6 multiplied them by €1250 (assuming half at fast track €1500 and half at standard rate €1000 in table 5) and then added the extra costs to equate to being released on two and five platforms. All figures were converted to Pounds Sterling using the average exchange rate over the last 12 months (ending July 2008) of 0.744747.

15. For the purposes of the following calculations we have assumed that:

- the average exchange rate for the last 12 months (ending July 2008) applies to all PEGI charges so that we can compare all costs in Sterling. (Given that the PEGI charges are made in Euros, the cost figures are sensitive to changes in exchange rates.)
- half the games rated by PEGI were charged the standard rate fee and half were charged the more expensive fast track fee
- the average number of platforms on which each video game is released ranges from two to five platforms
- all games released in the UK are released in at least one of the countries that apply PEGI
- the ratings systems broadly align so that a U rating will translate to a 3+ and a PG to a 7+

Other assumptions are set out in the appropriate options.

16. Table 7 sets out the costs across the various options. The costs in the UK column are the charges that will be incurred by companies wanting to release their title in the UK. The Europe column sets out the additional costs that will have to be paid by games companies (over and above that which already takes place under the current classification system) if the same game is to be released in one or more of the countries covered by the PEGI system in Europe. It has been suggested that these duplicated costs could be significantly reduced if the Industry would agree to automatically convert a BBFC rating to a PEGI rating and we would welcome any evidence about the scope for this.

Table 7

	2007 actual figures			
	UK		Europe	
Av. no. Platforms	two	five	two	five
BBFC Costs	£394,080	£394,080	£0	£0
PEGI Costs	£1,577,933	£3,155,865	£0	£0
Total Costs	£1,972,013	£3,549,945	£0	£0
The Combined Total Range	£1,972,013 - £3,549,945			
	Option 1: Hybrid			
	UK		Europe	
Av. no. Platforms	two	five	two	five
BBFC Costs	£879,540	£879,540	£0	£0
PEGI Costs	£1,087,796	£2,175,592	£490,137	£980,273
Total Costs	£1,967,336	£3,055,132	£490,137	£980,273
The Combined Total Range	£2,457,473 - £4,035,405			
	Option 2: Enhanced BBFC			
	UK		Europe	
Av. no. Platforms	two	five	two	five
BBFC Costs	£1,669,380	£1,669,380	£0	£0
PEGI Costs	£0	£0	£1,577,933	£3,155,865
Total Costs	£1,669,380	£1,669,380	£1,577,933	£3,155,865
The Combined Total Range	£3,247,313 - £4,825,245			
	Option 3: Enhanced PEGI			
	UK		Europe	
Av. no. Platforms	two	five	two	five
BBFC Costs	£0	£0	£0	£0
PEGI Costs*	£2,261,865	£4,205,654	£0	£0
Total Costs*	£2,396,790	£4,340,579	£0	£0
The Combined Total Range*	£2,396,790 - £4,340,579			
* figures include £453,000 estimated cost of carrying out statutory functions				
	Option 4: Code of Practice			
	UK		Europe	
Av. no. Platforms	two	five	two	five
BBFC Costs	£394,080	£394,080	£0	£0
PEGI Costs	£1,577,933	£3,155,865	£0	£0
Total Costs	£1,972,013	£3,549,945	£0	£0
The Combined Total Range	£1,972,013 - £3,549,945			

Option 1 - Hybrid Classification System

17. The BBFC would rate all games that are only suitable for players over the age of 12, with PEGI continuing to rate all 3+ and 7+ games. The BBFC logos would appear on the front of all boxes, with the PEGI logos on the back.

18. The Government would extend the BBFC's statutory powers to cover games from 12+, bringing it into line with the classification system used for DVDs/videos and building on parental awareness and understanding of what those ratings mean. This system will work best if BBFC and PEGI come to an agreement on their logos and age classifications so that a more integrated approach can be adopted.

Costs

19. Table 8 demonstrates the changes in who will rate which video games, using the 2007 actual figures as a baseline. The Europe column sets out the additional costs that will have to be paid by games companies (over and above that duplication which already takes place under the current classification system) if the same game is to be released in one or more of the countries covered by the PEGI system in Europe.

Table 8

Number of Ratings	2007 Actual Figures		Option 1: Hybrid	
	UK	Europe	UK	Europe
U	28	n/a	28	
PG	37	n/a	37	
12	40	n/a	290	
15	95	n/a	192	
18	62	n/a	62	
3+	604	n/a	604	
7+	175	n/a	175	
12+	250	n/a		250
15+	97	n/a		97
18+	4	n/a		4
Total	1392		1388	351
Combined total	1392		1739	

20. Table 9 demonstrates how this option might affect the costs to industry in terms of fees.

Cost consideration

21. BBFC currently operate the statutory function as relates to 18 classifications and consequently already have the internal mechanisms (for example, appeals systems) in place to support this. While an extension of their responsibility to games from 12+ would mean an increase in volume of applications this should be offset by the additional fees that would be generated.

22. This option assumes that the BBFC will continue to rate all games which contain film or video content not integral to the game.

23. Looking at the UK only costs this option is broadly similar to the status quo, however when we take into account that games companies will have to pay an additional amount* to rate the same game in any of the PEGI rated countries it becomes more expensive.

*Please refer to paragraph 16.

24. Government is also conscious that a proportion of those affected, including retailers, will be small businesses. It would welcome views on the extent to which this may be an issue and evidence of the potential burden that this option might impose.

Table 9

Costs	2007 Actual Figures				Option 1: Hybrid			
	UK		Europe		UK		Europe	
U	£26,880		£0		£26,880		£0	
PG	£44,400		£0		£44,400		£0	
12	£51,600		£0		£374,100		£0	
15	£159,600		£0		£322,560		£0	
18	£111,600		£0		£111,600		£0	
No. platforms	two	five	two	five	two	five	two	five
3+	£843,426	£1,686,851	£0	£0	£843,426	£1,686,852	£0	
7+	£244,370	£488,740	£0	£0	£244,370	£488,740	£0	
12+	£349,100	£698,200	£0	£0	£0	£0	£349,100	£698,200
15+	£135,451	£270,901	£0	£0	£0	£0	£135,451	£270,901
18+	£5,586	£11,171	£0	£0	£0	£0	£5,586	£11,171
Total	£1,972,013	£3,549,945	£0	£0	£1,967,336	£3,055,132	£490,137	£980,273
Combined total	£1,972,013 - £3,549,945				£2,457,473 - £4,035,405			

Administrative Burden

25. Each of the options will carry its own administrative burden and we look to respondents to provide us with detailed information as to the nature of these burdens and the manner in which they might impact. Under the hybrid option, for example, it would be reasonable to assume that additional burdens will include costs arising as follows:

- Under the current system, producers generally only carry out one application process, although some are referred to the BBFC after receiving a PEGI 18+ so these would have to do two. The process incurs costs in terms of time and human resource. Under the hybrid system this would be the same in the UK but a greater number of games would be rated using the BBFC system than is currently the case. We would welcome evidence of the costs of the respective processes for obtaining classification under BBFC and PEGI. Under this hybrid system, however, more games would need to be rated separately in the UK and in other countries that use the PEGI system and so games publishers would have to be rated by both the BBFC and PEGI systems incurring greater administration costs
- In the initial stages retailers may have to deal with enquiries from the public about the dual nature of the labelling. While this will apply to a greater or lesser extent with each of the options, it is more likely to be an issue with the hybrid option

Benefits

26. The objective of any change must be to put in place a classification system that is meaningful and effective and that consequently affords protection to children and young adults. It should enable parents and children to be clear and confident about the content of the games they are purchasing and retailers to be equally clear about the games they are selling. We would welcome information from respondents as to the manner and extent to which each of the options will meet this objective. The benefits of a hybrid option might, for instance, include:

- The fact that the public is already familiar with the BBFC symbols in a film and DVD context and the use of them in a games arena will build on that familiarity
- At the same time a hybrid option would enable the public to increase its awareness and understanding of the PEGI system and its pictograms
- All games for people aged 12 and above would be rated according to UK sensitivities and acceptability under the guidelines published and regularly updated by the BBFC

Option 2: Enhanced BBFC System

27. The BBFC would act as the sole statutory classifications body for all video games, applying its ratings from U to 18. It would retain its power to refuse to classify games it feels are potentially harmful based on its public consultations.

Costs

Table 10

Number of Ratings	2007 Actual Figures		Option 2: Enhanced BBFC	
	UK	Europe	UK	Europe
U	28	n/a	632	
PG	37	n/a	212	
12	40	n/a	290	
15	95	n/a	192	
18	62	n/a	62	
3+	604	n/a		604
7+	175	n/a		175
12+	250	n/a		250
15+	97	n/a		97
18+	4	n/a		4
Total	1392		1388	1130
Combined total	1392		2518	

Table 11

Costs	2007 Actual Figures				Option 2: Enhanced BBFC			
	UK		Europe		UK		Europe	
U	£26,880		£0		£606,720		£0	
PG	£44,400		£0		£254,400		£0	
12	£51,600		£0		£374,100		£0	
15	£159,600		£0		£322,560		£0	
18	£111,600		£0		£111,600		£0	
No. platforms	two	five	two	five	two	five	two	five
3+	£843,426	£1,686,851	£0	£0	£0	£0	£843,426	£1,686,851
7+	£244,370	£488,740	£0	£0	£0	£0	£244,370	£488,740
12+	£349,100	£698,200	£0	£0	£0	£0	£349,100	£698,200
15+	£135,451	£270,901	£0	£0	£0	£0	£135,451	£270,901
18+	£5,586	£11,171	£0	£0	£0	£0	£5,586	£11,171
Total	£1,972,013	£3,549,945	£0	£0	£1,669,380	£1,669,380	£1,577,933	£3,155,865
Combined total	£1,972,013 - £3,549,945				£3,247,313 - £4,825,245			

Cost Consideration

28. The UK only costs are considerably cheaper than the status quo in this option – particularly because there is no requirement to pay for additional platforms to be rated.

29. However, when you take into account that all games will require* to be re-rated by the PEGI system to be released in one or more PEGI countries this becomes the most expensive option.

*Please refer to paragraph 16.

30. Government is also conscious that a proportion of those affected, including retailers, will be small businesses. It would welcome views on the extent to which this may be an issue and evidence of the potential burden that this option might impose.

Administrative Burdens

31. Each of the options will carry its own administrative burden and we look to respondents to provide us with detailed information as to the nature of these burdens and the manner in which they might impact. Under the enhanced BBFC option, for example, it would be reasonable to assume that additional burdens will include costs arising as follows:

- There would only be one application process and only one set of costs relating to the expenditure of time and human resource in completing the process. We would welcome evidence of the costs of these administrative burdens in comparison to the current system
- For games published in countries where PEGI applies, publishers will need two classifications, one for BBFC (which will apply within the UK) and another for PEGI. This would mean submitting to two separate processes*. Additional burdens relating to time and human resource (including the completion of the PEGI questionnaire) would flow from that

* Please refer to paragraph 16.

Benefits

32. The objective of any change must be to put in place a classification system that is meaningful and effective and that consequently affords protection to children and young adults. It should enable parents and children to be clear and confident about the content of the games they are purchasing and retailers to be equally clear about the games they are selling. We would welcome information from respondents as to the manner and extent to which each of the options will meet this objective. The benefits of an enhanced BBFC option might, for instance, include:

- The fact that the public is already familiar with the BBFC symbols in a film and DVD context and the use of them in a games arena will build on that familiarity
- All games for people aged 12 and above would be rated according to UK sensitivities and acceptability under the guidelines published and regularly updated by the BBFC

Option 3. Enhanced PEGI System

33. A UK-based organisation (possibly the Video Standards Council) would be the designated statutory classification body for video games, applying the PEGI ratings which would be enforceable in law. The VSC (or other UK body chosen) would need to sign up to this new role and any other legislative duties required of it. All video games would be rated using the PEGI system and the only role for the BBFC would be in classifying film or video content which is not integral to the game.

Costs

Table 12

Number of Ratings	2007 Actual Figures		Option 3: Enhanced PEGI	
	UK	Europe	UK	Europe
U	28	n/a		
PG	37	n/a		
12	40	n/a		
15	95	n/a		
18	62	n/a		
3+	604	n/a	632	
7+	175	n/a	212	
12+	250	n/a	290	
15+	97	n/a	192	
18+	4	n/a	62	
Total	1392		1388	
Combined total	1392		1388	

Table 13

Costs	2007 Actual Figures				Option 3: Enhanced PEGI			
	UK		Europe		UK		Europe	
U	£26,880		£0		£0		£0	
PG	£44,400		£0		£0		£0	
12	£51,600		£0		£0		£0	
15	£159,600		£0		£0		£0	
18	£111,600		£0		£0		£0	
No. platforms	two	five	two	five	two	five	two	five
3+	£843,426	£1,686,851	£0	£0	£882,525	£1,765,050	£0	£0
7+	£244,370	£488,740	£0	£0	£296,037	£592,073	£0	£0
12+	£349,100	£698,200	£0	£0	£404,956	£809,912	£0	£0
15+	£135,451	£270,901	£0	£0	£268,109	£536,218	£0	£0
18+	£5,586	£11,171	£0	£0	£92,163	£184,326	£0	£0
Total	£1,972,013	£3,549,945	£0	£0	£1,943,790	£3,887,579	£0	£0
Combined total	£1,972,013 - £3,549,945				£1,943,790 - £3,887,579			
Combined total for Option 3 (including estimated cost for statutory functions of £453,000)					£2,396,790 - £4,340,579			

Cost consideration

34. This option assumes that the BBFC will continue to rate the film or video content not integral to the game, but these costs have not been factored in. We would welcome evidence to demonstrate how this would affect the overall figures.

35. The Video Standards Council (or other UK body) would have to replicate the BBFC's obligations arising from the Video Recordings Act. In 2007, these costs were £318,075. The final row of table 13 shows how these additional costs would affect the results.

36. This option is more expensive than the status quo, yet cheaper than Options 1 and 2, largely because there is no duplication with other countries which use the PEGI ratings.

37. Government is also conscious that a proportion of those affected, including retailers, will be small businesses. It would welcome views on the extent to which this may be an issue and evidence of the potential burden that this option might impose.

Administrative Burdens

38. Each of the options will carry its own administrative burden and we look to respondents to provide us with detailed information as to the nature of these burdens and the manner in which they might impact. Under the enhanced PEGI option, for example, it would be reasonable to assume that additional burdens will include costs arising as follows:

- There would only be one application process and only one set of costs relating to the expenditure of time and human resource in completing the process. We would welcome evidence on the cost implications of this in relation to the current system
- PEGI-rated games would need to carry a BBFC classification (and therefore incur additional time and human resource costs) where they included video content not integral to the game (see cost consideration above)

Benefits

39. The objective of any change must be to put in place a classification system that is meaningful and effective and that consequently affords protection to children and young adults. It should enable parents and children to be clear and confident about the content of the games they are purchasing and retailers to be equally clear about the games they are selling. We would welcome information from respondents as to the manner and extent to which each of the options will meet this objective. The benefits of an enhanced PEGI option might, for instance, include:

- This is an industry-driven solution and therefore inspires ownership amongst its members
- It applies across a number of countries

Option 4: Voluntary Code of Practice

40. There would be no changes made to the legislation so BBFC and PEGI would continue to classify games as they currently do. The current system of dual classification and labelling would continue to exist. The Government would then ask retailers and suppliers to sign up to a voluntary Code of Practice to ensure that they adhered to the classification system when selling or supplying video games to children aged 12 or above, even though a statutory offence would not be committed if they broke the Code. This Code of Practice would focus on classification, consumer protection, and consumer education and it would follow the guidelines outlined in the Review. There would be no extension to the statutory basis of the classification system to 12+ games but this proposal would aim to achieve compliance by voluntary means and an agreed system of good practice.

Costs

41. Tables demonstrating the number of ratings given by each system and a comparison of costs have not been included in this option because they would be the same as those for the current system. There would, however, be additional costs in terms of production, dissemination and communication of the Code of Practice and the best practice guidance and we would welcome input on what these might be.

42. Government is also conscious that a proportion of those affected, including retailers, will be small businesses. It would welcome views on the extent to which this may be an issue and evidence of the potential burden that this option might impose.

Administrative Burdens

43. Each of the options will carry its own administrative burden and we look to respondents to provide us with detailed information as to the nature of these burdens and the manner in which they might impact. Under the Voluntary Code of Practice option, for example, it would be reasonable to assume that additional burdens will include costs arising as follows:

- Printing and dissemination of the Code
- Provision of consumer information and the communication of best practice by retailers and industry

Benefits

44. The objective of any change must be to put in place a classification system that is meaningful and effective and that consequently affords protection to children and young adults. It should enable parents and children to be clear and confident about the content of the games they are purchasing and retailers to be equally clear about the games they are selling. We would welcome information from respondents as to the manner and extent to which each of the options will meet this objective. The benefits of a Voluntary Code of Practice option might, for instance, include:

- Industry ownership
- No change to current regulatory system

Specific Impact Tests (see page 4 of the Summary document)

45. Consideration will be given to the various tests referred to in the checklist following consultation. However, respondents are welcome to comment on these aspects if they have views that might inform the outcome.