



department for
**culture, media
and sport**

DCMS Simplification Plan 2007

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.

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Foreword by the Minister for Sport

Good regulation allows business to thrive without stifling commercial freedom but at the same time ensures the public interest is protected. It is about seeking to deliver outcomes that are both proportionate and necessary but which do not give rise to undue compliance costs.

This Simplification Plan 2007 reports on how DCMS is doing this, by reducing unnecessary burdens on those organisations it regulates, and sets out how it will bring about further simplification measures over the next three years.

DCMS's responsibilities and area of influence is broad. Regulation forms a core part of our activity especially for the alcohol and entertainment licensing, gambling and broadcasting sectors. In each case, the legislation has been reformed substantially in recent years. The Government is committed to the protection of the public but through the recent reforms, we have enabled responsible business to operate under simpler regimes, to be more competitive and increase their contribution to the wider economy.

In our first plan published in 2006, DCMS committed to reducing the administrative burden by 30 % by 2010. Excellent progress has been made. For example, the Licensing Act 2003, implemented in November 2005 has reduced costs by £97.2 million compared to the old regime, but without removing any of the protections. Revised licensing guidance published in March 2007 secured a further saving of £2 million. Together, this represents a reduction in administrative burdens by 29%.

Over the past year, DCMS has sought to deliver the commitments set out in its first plan, reprioritising measures of simplification and through targeted reviews. This includes:

- reform of the guidance under the Licensing Act 2003 providing for more efficient compliance;
- implementation of the Gambling Act 2005 – a major piece of regulatory reform resulting in greater protections for vulnerable people while permitting greater commercial freedom for responsible business;
- a wholesale review of the burdens and information requirements placed on our public bodies; and
- strengthening our internal working structures to ensure that better regulation remains a core priority for DCMS.

This work is of public policy significance, and while steps are being taken to reduce undue burdens we are not reducing the effectiveness of the regulation to protect the public interest. And we continue to look to other areas where we can lift the burden. Of particular note is the work we have undertaken in developing a risk-based strategy in our relationship with our NDPBs. The most significant part of DCMS's role is to provide strategic leadership to the many public bodies we sponsor to deliver the Government's objectives. Accordingly, in order to improve this relationship and to drive forward efficiency savings, we have identified several measures to reduce unnecessary transactions. DCMS is considerably advanced in meeting the Government's Public Sector Strategy and is on course to meeting the 30% reduction on public sector data burdens by 2010.

Looking forward, we hope to work with our sectors over the next year to look more widely at what irritates business and what causes the most work as a result of unnecessary burdens. DCMS will act as an advocate for these sectors and represent these concerns across Government.

As DCMS Better Regulation Minister, I remain fully committed to the whole better regulation agenda. I am pleased with the progress that has been achieved so far; but there remains more to do as we continue to deliver concrete savings and I hope that we can exceed our baseline target.

If you have any comments on this plan or would like further information, please email: simplicity@culture.gsi.gov.uk or telephone: 020 7211 6958/57.

Gerry Sutcliffe

Minister for Sport and with responsibility for Better Regulation, DCMS

December 2007

Chapter 1: Executive Summary

INTRODUCTION

1.1 Over the past year, the Department for Culture, Media and Sport (DCMS) has been working to implement key simplification measures and drive forward the reductions in unnecessary burdens arising from its regulation, as set out in its first simplification plan published in December 2006. Much of the work over the past year has focused on delivery of simplification measures for licensing and gambling as these policy areas give rise to the majority of regulatory burdens.

1.2 Following the machinery of Government changes in 2001, DCMS took policy responsibility for alcohol and entertainment licensing and gambling. The regulation of these two sectors makes up nearly three-quarters of DCMS's administrative burdens according to the 2005 Administrative Burdens Measurement Exercise.¹

1.3 At the time this exercise was carried out, the laws for licensing and gambling, which had not been significantly altered in over 60 years, were being reformed. The Licensing Act 2003 and Gambling Act 2005 were the results of these reforms. 2007 has been a crucial year for both statutes in a number of respects, and simplification has been a core element of implementation and post-scrutiny review. Both licensing and gambling are areas that generate public policy concerns and the Government's priorities in these areas may change over time. While DCMS will pursue measures to reduce unnecessary administrative burdens, it will not alter any of the regulatory protections or objectives the regulation currently provides as this must be agreed by Parliament.

1.4 The Administrative Burdens Measurement Exercise provided an indication of the administrative burden on business by Government regulation. Within this, it estimated the cost of complying with administrative requirements (such as form filling, record keeping and inspections). This exercise gauged the total annual administrative costs arising from all legislation in force as at 1 May 2005. The total administrative burden across Government was £13.7 billion. DCMS accounted for 2.5 % of this which amounts to £343 million of the total Government burden.

1.5 The other DCMS policy areas covered in this simplification plan are: Broadcasting; Legal deposit of publications; National Lottery; Sport; Tourism; and the Creative industries.

1.6 DCMS sponsors over 50 NDPBs. Therefore, a key part of DCMS's work over the past year has been to pursue a programme of work to deliver the Government's objectives to reduce burdens and unnecessary information and monitoring requirements on the public sector.

1.7 Table 1 shows the key deliverables during 2007. The projects which are still ongoing and are expected to be completed in 2008 are shown in Table 2. These projects are explained in greater detail in Chapter 2.

Table 1 – Actions delivered: 2006/2007

Regulation/measure	Benefit to business/consumer	Progress
Licensing Act 2003	Realisation of benefits of simplification of Licensing	Exercise completed showing that Licensing

¹ The summary of the PWC report on the administrative burdens measurement exercise can be found on the DCMS website: www.culture.gov.uk

Regulation/measure	Benefit to business/consumer	Progress
Measurement of Licensing Act 2003 administrative burden.	regime	Act 2003 secured cost savings of £97.2m
<p>Licensing Act 2003</p> <p>Statutory licensing guidance on premises' plans submissions, incidental music provisions and other areas</p>	<p>£2 million savings in total</p> <p>Simplification</p>	<p>Delivered during 2007</p> <p>Helps businesses comply with the regulatory regime and reduce overall compliance costs</p>
<p>Gambling Act 2005</p> <p>Implementation of the Act took place on 1 September 2007</p>	<p>The costs and estimated savings of the Gambling Act 2005 will be determined by spring 2008</p>	<p>This major reform of a complex sector which had to balance commercial freedoms with necessary consumer protection was very successful and delivers a series of better regulation measures</p>
<p>Tourism</p> <p>Accommodation grading scheme</p>	<p>Government will only use hotels that are part of an assessment scheme. Public sector hotel use is worth several hundred million pounds a year. As well as improving quality of service provided to public sector users, this will provide incentives for providers to join the quality schemes. The proportion of UK providers currently in schemes is 50% – the DCMS Olympic Tourism Strategy includes a target of 85% by 2012.</p>	<p>Launched in Tourism Strategy in September 2007</p>
<p>Sport</p> <p>Creation of Sport Direct</p>	<p>To allow consumers easier access to information about sporting facilities in their area.</p> <p>In return, we expect sporting participation to increase, resulting in healthier and fitter lifestyles.</p>	<p>Instead of a dedicated helpline this has been streamlined with the NHS Choices website, with a dedicated section for Sport and Fitness. Will be launched by the end of 2007.</p>
<p>Sport</p>	<p>Potential for deregulation.</p>	<p>Review completed in</p>

Regulation/measure	Benefit to business/consumer	Progress
Review of sports safety legislation	Greater clarity for consumers on the interpretation of current sports safety legislation.	July 2007. New guidance on the interpretation of legislation expected by March 2008.
National Lottery – joint schemes and rationalisation of programmes	Deregulation and simplification, with anticipated efficiency savings of £6-12m a year which will be available as additional Lottery funding for good causes.	Implementation of National Lottery Act 2006 formally merged three distributors into one, streamlined arrangements for Lottery grant applications and enabled enhanced information about the good causes to be provided to applicants.
Revised cultural test for Film Tax Relief	Simplification of existing regime.	New Film Tax Relief implemented on 1 January 2007. Transitional arrangements for old reliefs run until March 2008. Assessment of the benefits to business will be assessed then.

Table 2 – Actions in train 2007/08

Regulation/measure	Benefit to business/consumer	Progress
Licensing Act 2003 Changes to requirements for Designated Premises Supervisor	£200k per annum savings Deregulation & simplification	Ministers currently considering options. Changes expected by April 2008.
Licensing Act 2003 Amending licences with minor variations	£1.5-£3 million admin burden reduction Simplification	The Government is currently consulting on options for taking this work forward.
Licensing Act 2003 <i>De minimis</i> exemptions	£200k-£500k per annum savings	The Government will shortly be developing options for taking this

Regulation/measure	Benefit to business/consumer	Progress
	Simplification	work forward.

OVERVIEW OF ACTIVITY

Progress against the administrative burden target

1.8 In its first simplification plan, DCMS committed to reducing its administrative burdens by 30 % to 2010. This target was above the 25 % target agreed with other Government departments, but DCMS felt it needed to set a challenging target to go beyond the expected reductions delivered by the Licensing Act 2003.

1.9 The ABME measured the DCMS administrative burden prior to the full implementation of the Licensing Act 2003 (which came into force in November 2005) and the Gambling Act 2005 (which came into force in September 2007). Therefore, the reduction in burdens arising from these two major pieces of legislation has to be costed to understand how this contributes to the DCMS baseline target.

1.10 The Licensing Act 2003 was recently measured using the Standard Cost Model² method of assessment. This was completed by identifying each individual information obligation arising from the Act. The activities necessary to complete each obligation were assessed by DCMS using available evidence, which included reports from stakeholders, evidence produced for the DCMS fees review and interviews with local authorities.

1.11 Using this information it was possible to create a 'straw man' which could then be validated. This validation took place through an expert panel³ which examined the straw man and suggested changes. This allowed final unit costs to be calculated. Population figures were arrived at using the recent statistical survey of licensing authorities.

1.12 The final administrative burden attributed to the Licensing Act 2003 using the Standard Cost Model method is £83.9 million. This figure took into account an estimated £2 million saving contributed by new guidance delivered in June 2007.

1.13 The administrative burden of the old licensing regime was £183.2 million and so the Licensing Act 2003 delivered a saving of £99.2 million, equating to a 29 % reduction in administrative burdens for DCMS on its May 2005 baseline.

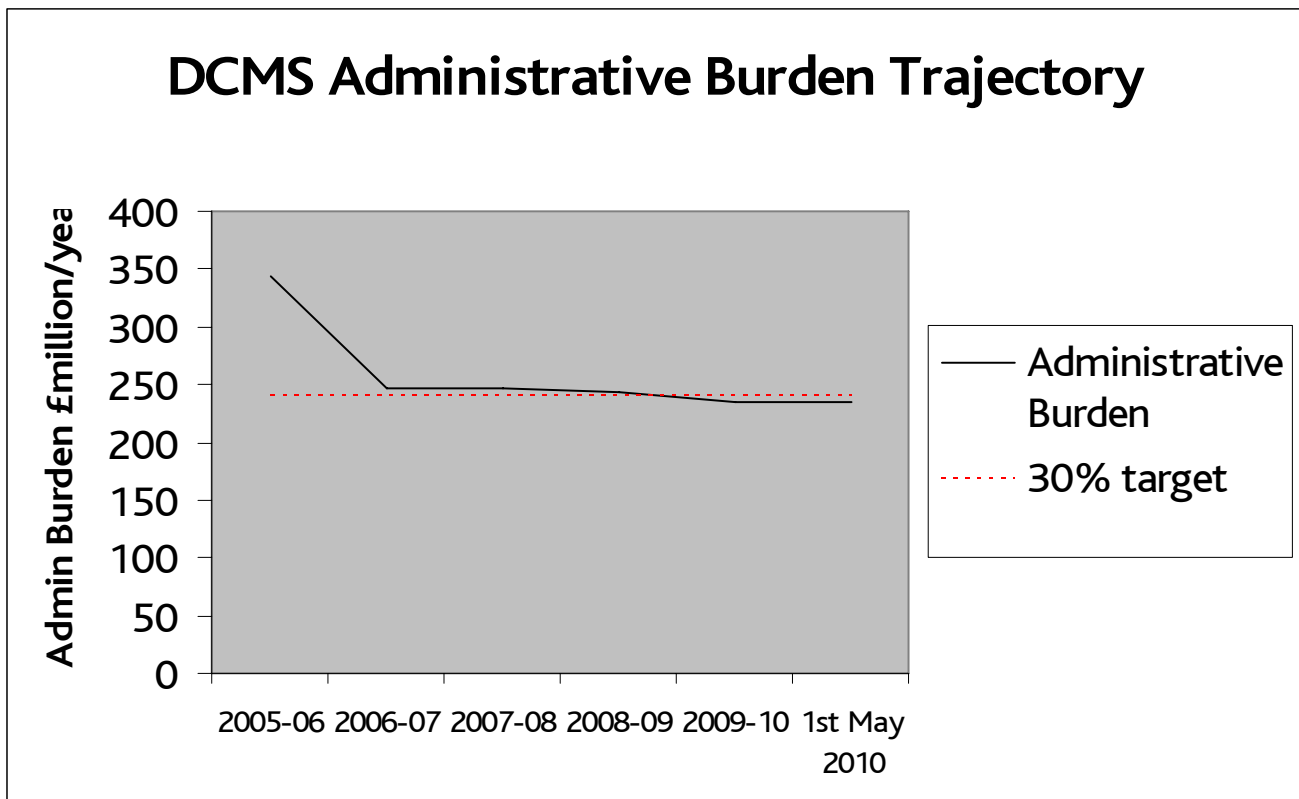
1.14 As set out below, we expect further simplifications to take us beyond the target by the end of 2008/09 and then make further progress by the end of 2009/10.

1.15 The Gambling Act 2005 measurement exercise is expected to deliver results by spring 2008 and will have an impact on the trajectory. This trajectory is set out in Table 3 below.

² <http://bre.berr.gov.uk/regulation/reform/simplifying/scm.asp>

³ The expert panel consisted of Lisa Sharkey (Pobblestone Allen), Roger Vick (Canterbury City Council), Chris Mitchener (Association of Convenience Stores), Chris Nicholls (Charles Wells) and Andrew Cunningham (DCMS).

Table 3 – Administrative burden trajectory



Year	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>1 May 2010</u>
<u>Total DCMS administrative burden at start of year £/million</u>	<u>343.3</u>	<u>246.1</u>	<u>246.1</u>	<u>243.9</u>	<u>235.7</u>	<u>235.7</u>
<u>Savings delivered/anticipated to be delivered by year £/million</u>	<u>97.2</u>	<u>0</u>	<u>2.2</u>	<u>8.2⁴</u>	<u>0</u>	

⁴ This is an average figure based on the range of savings anticipated

Licensing: prioritising stakeholder concerns

1.16 At an early stage, DCMS committed to look at burdens that were of greatest concern to industry stakeholders and licensing authorities. Therefore, DCMS re-prioritised its better regulation measures set out in its 2006 plan. One of these areas was the introduction of revised licensing guidance to help the industry and licensing authorities comply with the regime.

1.17 These changes are estimated to save business £2 million over the next three years.

1.18 DCMS has also begun the process of two further simplification measures which will:

- remove the requirement for village halls and other community groups to have a Designated Premises Supervisor (DPS), which will encourage more village halls to obtain premises licences without excessive administrative burdens and enable more community events to take place. This will involve a Legislative Reform Order (LRO) in the New Year following consultation. The subsequent estimated cost of compliance savings is £200k per annum
- introduce a new minor variations procedure allowing licence holders to make certain small changes to their licences without needing to go through the full variation process and the associated costs this incurs. This measure was developed following discussions with stakeholders. Such a measure is very popular with the industry and local authorities and will lead to significant savings for both if implemented. DCMS is currently consulting on the options for the proposed changes. Subject to the comments received, DCMS expects to introduce a Legislative Reform Order (LRO) in 2008. The estimated savings this measure will generate is up to £3 million, which represents nearly one % reduction on the baseline target.

1.19 More details are set out in Chapter 2.

Gambling

1.20 From 1 September 2007 the main provisions of the Gambling Act 2005 came into force. The Act introduced a series of deregulatory measures, but also established powers that will properly regulate an expanding industry to protect children and vulnerable people. It also established the Gambling Commission as the new national regulator and is working with the industry and DCMS to ensure the transition to the new regime is as smooth as possible.

1.21 The Commission is demonstrating that it is a risk-based regulator (see Section 2 for further information). For example, this includes the development of a compliance programme based on intelligence-led assessment of the risks posed by licensed operators and individuals to the regulatory framework; with respect to smaller operators, the Commission's increased understanding of the various sectors and a customer survey of the impact of the new licensing arrangements resulted in it reviewing its processes, re-assessing risks and then simplifying business processes and forms, which will thus be less burdensome for the industry in future. DCMS will work with the Commission to review and remove any unnecessary administrative burdens over the coming year after allowing the new legislation time to take effect to provide regulatory stability. A measurement exercise of the Act is already underway, which will use the Standard Cost Model and be validated by an expert panel. The findings from this exercise will be available in spring 2008.

1.22 As the new regime will still be in its transition year, further research may be necessary in order to gain a more accurate figure. The new regime has removed some major administrative burdens, for example, there is no longer any need to renew licenses as they are now issued in perpetuity, but it has imposed others, for example via the increased number of sectors falling within the scope of regulation by the Gambling Commission.

Other regulatory areas

1.23 Other programmes of work to reduce burdens being delivered through this plan include:

- substantial progress in reviewing sports safety legislation to provide better access and information for consumers about Sports and Leisure facilities;
- reviews by Lottery grant distributors to make the process simpler and less burdensome for applicants applying for grants; simplifying grant-holders' requirements to provide information for monitoring and accountability purposes;
- consideration of a voluntary scheme for legal deposit of publications thereby avoiding legislative intervention in a move to non-print media;
- the roll-out of the new Impact Assessment process within DCMS, working with the Better Regulation Executive for training, advice and delivery; and
- a new draft Bill on heritage protection which, if made law, will replace four pieces of legislation with just one.

NDPB public sector review

1.24 DCMS's objectives are largely delivered through the many NDPBs which DCMS sponsors. It is important that the principles of risk-based and proportionate leadership of our NDPBs are adopted, and the bodies in turn adopt a better regulation culture within their work.

1.25 This area was specifically picked up by DCMS's recent capability review. One of the recommendations said:

"... the Department needs to develop a more robust, risk-based approach to engagement with its sponsored bodies and to managing performance".

1.26 In the transformation document, published alongside the capability review, DCMS set out its vision in this area:

"Relationships with our non departmental public bodies (NDPBs) are based on strategic collaboration. We manage these relationships in a consistent, open, integrated and efficient way."

1.27 DCMS's work to achieve this vision is ongoing, but one of its first manifestations was to look at the area of data requests. Over the course of 2007, DCMS, in conjunction with the NDPBs, drew up a list of regular data requests to check for returns which were no longer necessary. Action has now been taken to eliminate a number of these requests and, while many potential reductions will require the cooperation of other central government departments, DCMS is committed to making a 30 % reduction by May 2010. DCMS aims to make substantial progress towards this during 2008. This work also underpins the DCMS contribution to the Public Sector Strategy agreed across Government. Further information is set out in Chapter 4.

Culture and capacity

1.28 Better regulation is integral to the way DCMS develops and implements policy. For gambling in particular, DCMS has worked closely with the industry to ensure that stakeholder concerns and views on the new regulation have been fully considered especially where the consequence of the regulation might have a financial impact on business, as the legislation has been implemented.

1.29 DCMS has a dedicated team that works with policy divisions, and closely with the BRE, to monitor performance and delivery. The team intends to develop the better regulation agenda further during 2008. For example, it may consider exploring wider irritants and burdens imposed across its sectors by other parts of Government.

1.30 Through the work with NDPBs on reducing unnecessary transactions, DCMS is currently considering how the culture of better regulation can be instilled throughout the network of NDPBs, particularly those who exercise regulatory functions. DCMS expects to work with businesses across its sectors over the coming year to understand the main irritants and burdens that our sectors feel are the most significant. DCMS will consider how to priorities these and use in an advocacy role across Whitehall. Further information is set out in Chapter 2.

Flow of new legislation and implementation of existing legislation

1.31 The Audiovisual Media Services Directive is the revised version of the current Television without Frontiers Directive which regulates television broadcasting (and in particular cross-border television broadcasting) in the EU. It sets minimum standards for broadcasting content, particularly in relation to incitement to hatred, protection of minors, advertising content and the amount of advertising allowed. The scope of the revised Directive is extended to cover video-on-demand services which closely resemble television broadcasting and compete in the same market. The UK will need to set up a new regulatory mechanism to achieve this. The revised Directive also changes the rules determining which Member State has jurisdiction over non-EU satellite channels which are uplinked from within the EU: it will allow EU Member States to permit product placement in certain types of television programme if they wish; it will ease some of the current limits on the amount of advertising allowed; and it will permit broadcasters to take short extracts of other broadcasters' exclusive coverage of events for use in news reports

1.32 DCMS will be seeking views from key stakeholders over the next few months, with a view to developing options and proposals to publish for formal consultation in spring 2008. We will then finalise our proposals during the summer/early autumn with a view to introducing legislation in the 2008/9 session. We have submitted a contingency bid for a short Bill, but we are optimistic that an Order under the European Communities Act 1972 will be sufficient.

1.33 The Digital Switchover (Disclosure of Information) Act 2007 Bill enables the Digital Switchover Help Scheme to target the elderly and people with a disability. It permits social security data to be shared with the administrator of the Help Scheme so that the administrator can get in touch directly with people entitled to help under the scheme. This will enable the Scheme to contact individuals, and confirm entitlement, without the need for a lengthy claims procedure.

1.34 A draft bill on Heritage Protection will be introduced in the current Parliamentary session. It is hoped that this will then proceed to a full Bill in the next Parliamentary Session. More information on this is set out in Chapter 3.

Chapter 2: Progress Made this Year

2.1 DCMS has made good progress this year. It has delivered simplifications, begun the process of delivering additional measures and successfully implemented a complex piece of new legislation which simplifies the regulatory regime. This chapter explores in more detail the progress made on reducing burdens and implementing new simplification measures during 2007.

LICENSING

Revised statutory guidance

2.2 In November 2005, the Government announced a two-stage review of the licensing guidance: an initial review focusing on non-contentious issues that arose during transition and a full review to address more complex and wide-ranging matters.

2.3 The first stage of the review ended on 22 June 2006 with the publication of online supplementary guidance. This included several measures intended to reduce the administrative burden on businesses. For example, clarification that premises plans [and?] accompanying licence applications and variations did not have to be professionally drawn.

2.4 The second phase of the review involved wide-ranging consideration of all aspects of the guidance and extensive consultation with stakeholders and the public. The revised statutory guidance was laid in Parliament on 28 June 2007 and came into force immediately.

2.5 The revised and updated guidance provides further advice and clarification for licensing authorities on a wide range of issues including:

- the responsibility of licensees to take reasonable steps to prevent crime and disorder and public nuisance immediately outside their premises (where this is within their control); and local authority powers to impose relevant licence conditions where necessary;
- revised text on licensing hours to reflect more flexible closing times;
- a recommendation that personal licence holders provide some form of written authorisation for the sale of alcohol, on the grounds that this will provide stronger evidence than verbal authorisation in the event of any enforcement action and greater protection for employees;
- further clarification on incidental music, to help local authorities determine whether music falls into this category and is therefore licensable or not, giving greater certainty to business; and
- further guidance on when an application to vary a licence is required, again cutting compliance costs to business.

2.6 The format of the guidance has also been extensively revised to make it easier to use, including the addition of a subject index. It has helped licensing authorities to deliver the Licensing Act 2003 more effectively, and has also provided added reassurance to the licensed trade. The guidance has also benefited other enforcing authorities, such as the police and residents' associations who use it as an essential source of information on the Act's licensing requirements.

2.7 It is estimated that the new guidance will save £2 million in terms of administrative burdens for applicants. The measurement of this saving has been calculated along with the savings introduced by the Licensing Act 2003 itself.

Ongoing simplifications

Change in Designated Premises Supervisor requirements

2.8 The Government is proposing to remove the requirement for alcohol sales to be authorised by a personal licence holder and for a personal licence holder to act as the Designated Premises Supervisor (DPS) in the case of village halls, church halls, chapel halls, community halls and similar community premises.

2.9 Following a public consultation, and subject to Parliamentary approval, it is expected DCMS will amend the Act to change the responsibility for obtaining a licence to authorise sales of alcohol to fall on, for example, the village hall committee rather than a single individual connected to the premises.

Background

2.10 In the case of community premises, the current position of Designated Premises Supervisor is often taken by a volunteer member of the hall committee. Research conducted by Action for Communities in Rural England (ACRE) indicates that while over 90% of village halls have obtained premises licences, the vast majority are limited to the provision of regulated entertainment, with only a third authorising the sale of alcohol. This makes village halls and similar premises overly reliant on Temporary Event Notices (TENs), which are limited to 12 notices for each site in a calendar year, to cover all licensable activities and events.

2.11 DCMS recognised that a low number of premises licences in respect of village halls and similar premises authorising sales of alcohol may be related to the reluctance of volunteers to accept the burden and cost of obtaining a qualification, a criminal record check and a personal licence. The Government was also sympathetic to the view that it can be difficult to replace a volunteer DPS for these premises when, for example, a local villager moves away. Unlike a commercial premises selling alcohol, village halls and other community premises are unlikely to be able to offer a financial incentive for recruiting a replacement.

2.12 The Government's proposal was supported by an independent panel which was set up to review the licence fee and other costs. It concluded that village halls should apply for full premises licences in order to reduce their reliance on temporary permissions and longer term administrative burdens and remove the DPS requirement as an obstacle to this happening.

Potential savings

2.13 If Parliament agrees, the Government estimates this proposal could save, on average, around £200,000 a year in the application costs for those village and community halls that wish to get a premises licence to sell alcohol, or already have such a licence but lose their existing DPS. The Impact Assessment estimated that potential savings of approximately £2.2 million is achievable over a 10-year period depending upon the option chosen (i.e. if the community premises is automatically exempt from the DPS requirement or has to apply for an exemption and/or whether the exemption can be removed following a review of the premises licence).

Next steps

2.14 DCMS is carefully considering the responses to the consultation exercise, with a view to introducing a Legislative Reform Order in early 2008. Further work, in addition to the Parliamentary process, is likely to include a supplement to the guidance issued by the Secretary of State to licensing authorities under section 182 of the Act with advice to potential beneficiaries of this simplification. It is likely that this simplification will come into effect from April 2008.

Minor variations process

Proposal

2.15 DCMS is proposing to amend the Licensing Act 2003 to introduce a 'minor variations' process that would allow licence and club certificate holders to make small, low-risk changes to licences without having to advertise the application or copy it to responsible authorities which incurs burdens and cost. The recent measurement exercise found the requirement to advertise imposed one of the highest costs on business in terms of administrative burdens.

2.16 This simplified process is expected to take only 5-10 working days (as opposed to 28 days for a full variation) and is likely to attract a lower fee.

Background

2.17 Currently any licence or certificate holder who wishes to vary their licence or certificate, including the plan of the premises, must follow a similar process for a full licence application at an average cost of £385 per variation. However, the Government estimates that approximately 30 % of variations are for small changes (e.g. minor refurbishment, or removal of out of date conditions, which would have no impact on the licensing objectives).

Options

2.18 The Government has identified two options:

Option 1: give licensing authorities complete discretion to decide whether a variation is minor, subject to impact on the licensing objectives and detailed statutory guidance; or

Option 2: prescribe a 'minor' variation more narrowly on the face of the Act, effectively limiting or removing local authority discretion.

Potential savings

2.19 The total burden on applicants for these small, low risk variations is estimated to be up to £4.3 million per annum with little corresponding benefits in relation to the promotion of the licensing objectives. Depending on the option agreed, the Government estimates there will be potential cost savings of between £1.5 million - £2.8 million per year. Option 1 could be expected to deliver maximum cost savings of £2.2 million - £2.8 million per annum. Cost savings under Option 2 could range from £1.5 million - £2.6 million depending on how restrictively 'minor variation' is defined. This is a matter for Ministers and Parliament to decide.

Next steps

2.20 A consultation on options for a minor variations process began on 15 November 2007. The supplement to the guidance issued by the Secretary of State will come into effect in October 2008. The implementation of the minor variation procedure is expected to take place via an LRO from spring 2008.

GAMBLING

Overview of the Gambling Act 2005

2.21 The Gambling Act 2005 introduces the first major reform of the laws regulating gambling in this country in over 40 years. It repeals earlier legislation which was no longer effective in a modern society where there are far greater opportunities to gamble compared to 40 years ago. The new Act is particularly designed to protect those who choose to gamble. In addition it modernises the system of regulation which brings benefits to both the industry and regulators. The Act came into effect from 1 September 2007 and introduces:

- a modernised system of gambling regulation in Great Britain fit for the 21st century;
- three key licensing objectives that underpin much of the detailed regulation, i.e. to:
 - keep crime out of gambling
 - ensure gambling is conducted openly and fairly; and
 - protect children and vulnerable adults
- a system of regulation that is flexible, (e.g. via non-statutory licence conditions, codes of practice) and so can adapt more quickly to new technological and other developments in the industry, thus avoiding unnecessary burdens on industry and regulators;
- a strong new regulator, the Gambling Commission, which is responsible for regulating almost all of the industry (betting and remote gambling being major new sectors; it does not cover the National Lottery and spread betting) and has the powers to tackle illegal gambling and operators or individuals who breach the rules;
- accountability at a local level, with responsibilities and powers vested in the licensing authorities to licence gambling premises and by involving local people more closely in what type of gambling is permitted in their communities; and
- tough vetting powers and sanctions to ensure the gambling industry keeps crime out.

2.22 The Gambling Act 2005 and the Gambling Commission's primary focus are to uphold the licensing objectives. The Act has delivered regulatory benefits across the sector, both for operators and other stakeholders, which are set out below.

(i) Economic freedoms

Removal of membership requirements for bingo halls and casinos – under the old legislation, players had to be members of a bingo hall or casino in order to enter and play, with a 24-hour period having previously elapsed between joining and playing. This measure was introduced early (autumn 2005) following discussion with the industry.

Longer opening hours – Casinos and bingo halls are permitted to open for 16 hours longer per week under the new regime. Betting shops can open for 18 hours longer per week and the anachronistic restriction on winter opening has also been removed.

Ability to Advertise – The restriction on advertising gambling has been removed. In addition the Government, after consultation with the industry, decided to introduce a voluntary code of conduct to regulate the content of the adverts.

Rise in gaming machine stakes and prizes – The maximum amount that can be staked and won has been increased, significantly above the rate of inflation.

Lotteries – For the first time a statutory definition of lotteries which is designed to provide lottery operators with greater certainty and protection has been introduced. There are new flexibilities: removal of the 35 % cap on costs and replacing it with a requirement that at least 20 % of proceeds goes to good causes; removing the cap on ticket prices; permitting rollovers; and a wider definition of a Lottery ticket so it can include entry by electronic as well as paper means.

(ii) Better system of regulation and reduced administrative burdens

Risk-based regulation – The Gambling Commission is committed to a risk-based regime, which allows responsible operators to conduct their business with minimum supervision, depending on the nature of their activity and their compliance with their licence. Licensing authorities also take a risk-based approach (for example, in relation to compliance and inspection and working in tandem with the Gambling Commission to avoid unnecessary duplication).

Premises licence in perpetuity – The previous legislation required those wishing to operate a gambling premises to re-apply to a magistrate for their licence every three years. A premises licence, awarded by the local authority, will now be of unlimited length unless reviewed or revoked.

Demand test removed – The previous legislation required an operator to satisfy the magistrate that there was sufficient demand for their establishment in their locality. That has been removed, with local authorities now unable to deny a premises licence on the basis of saturation.

Inclusion of slip rule – The Gambling Act 2005 includes a ‘slip rule’. This allows local authorities discretion to discuss minor errors in the application which otherwise might have meant the application was rejected.

One piece of legislation – The Gambling Act 2005 covers virtually all gambling activities, instead of numerous pieces under the old regime. The National Lottery and spread betting have separate regulation and regulators.

Small scale operator exemption – The Gambling Act provides that a small scale operator holding an operating licence is exempt from the requirement of having at least one person in a management office holding a personal licence. According to the latest figures from the Gambling Commission (Nov 2007), 50% of known operators (almost 1,800) are able to benefit from this exemption.

(iii) Better accountability

Licensing objectives – Three licensing objectives are central to the Act and give clarity to operators and other stakeholders about the purpose of Gambling regulation.

Local accountability – Local Authorities are now responsible for approval of premises licences and the monitoring of the licence conditions imposed.

Social responsibility – Operating licence conditions require operators to make gambling products available in a manner that is socially responsible. The Gambling Commission will issue codes of practice on social responsibility and give operators guidance.

Gambling Appeals Tribunal – For the first time, (except previously via the Courts) there is a right of appeal against Gambling Commission decisions to the Gambling Appeals Tribunal. However, before reaching this stage (and paying the related fee), any Commission decision can be referred to the Commission’s Regulatory Review Panel for consideration.

Application forms – These have been redesigned and simplified following consultation and piloting workshops with industry representatives and licensing authorities.

Remote gambling – For the first time, a robust licensing system for online betting and gambling that

will boost consumers' confidence.

Working with stakeholders

2.23 DCMS and the Gambling Commission (previously the Gaming Board for Great Britain) are committed to working with operators and other stakeholders during the development and implementation of the Gambling Act 2005.

2.24 The effective development of detailed policy and the operational framework needed for this Act required a programme of extensive formal and informal consultation to harness stakeholder knowledge and expertise in order to tailor the regulation to take account of individual business needs and the wider sector. Importantly, on an issue such as gambling, other interested parties outside the industry had considerable input into the development of the new regime.

2.25 Consultation involved: trade bodies; licensing authorities; faith groups; charities; and other stakeholders, as well as close liaison with the Gambling Commission.

2.26 During the period 2005-07, DCMS held regular meetings with key stakeholder representative groups such as the Industry Liaison Group, the Community Liaison Group and the Premises Licence Working Group (see below); workshops with a cross-sector range of participants and one-to-one discussions. DCMS also collaborated closely with bodies outside the gambling industry such as the police, HM Revenue and Customs and the Serious Organised Crime Agency. All of this was supplemented by feedback by the Gambling Commission and the Local Authorities Coordinators of Regulatory Services (LACORS) from their own consultative processes.

2.27 This open approach often involved vigorous debate and differences of opinion, as would be expected when delivering radical change in the form of fairly complex regulation across a wide range of industry sectors. However, it resulted in detailed and useful policy changes in a number of areas, which improved the balance of the new regulation from an industry perspective, while still meeting the objectives of the 2005 Act. In total around 120 issues papers, consultation and response documents were produced by DCMS and the Gambling Commission between April 2005 and September 2007.

Gambling Act 2005 – Stakeholder Community groups

The Industry Liaison Group – membership included representatives from all trade associations in the gambling industry, LACORS and the Gambling Commission. This group (established in 2005) enabled industry representatives to reflect on the broader picture of implementing the 2005 Act and consider issues of sector-wide interest, and allowed DCMS to report and explain relevant developments in other areas of Government. Following discussions, a team was set up to deal with industry enquiries in the week prior to the Act's full implementation on the 1 September 2007. Other outcomes included DCMS and the industry ensuring that groups who may have been unaware of the new gambling licensing regulations (such as independent bookmakers and track owners) were better informed. For ease of reference for industry representatives, DCMS also agreed to highlight specific areas in draft regulations that would be of particular interest.

2.28 The Community Liaison Group – membership included faith groups, academics, trade unions, LACORS, Scottish Executive staff, problem gambling groups, children’s voluntary sector, the Better Regulation Executive and the Gambling Commission. This group (established in April 2007) was a forum for consideration of the wider implications and social impact of the Gambling Act 2005. Particular outcomes from these meetings included: a list of ways that vulnerable populations could be screened for problem gambling and reviewing existing research into problem gambling. This meant that the implementation of the new legislation took into account social and community protection issues as well as creating a more liberal regime for responsible business.

2.29 Premises Licence Working Group – regular attendees included LACORS, the Scottish Executive, the Convention of Scottish Local Authorities, local authorities, Gambling Commission and various industry representatives. The group was formed in 2003 and assisted with the development of regulations concerning premises licences, including the setting of premises fee maxima. It also played a liaison role, dealing with: queries from local authorities, industry queries on premises licensing and helping to prepare licensing authorities for their licensing functions under the 2005 Act.

2.30 In mid-2006, the Group also absorbed the Training and Transition Group (formed in 2004), which developed two packages of training materials to assist licensing authorities (officers and councillors) to understand their new roles and responsibilities under the Act. Two pilot training sessions were run in London and St Albans, attended by members of the group as well as delegates from other local authorities. Both pilot sessions were very successful and demonstrated that the materials were fit for purpose and hence wide usage. They were also an effective example of DCMS’s commitment to work with local authorities, helping to improve DCMS’s relationships and increase confidence amongst this stakeholder group. Following the pilot sessions, the training materials were published on DCMS’s website.

2.31 Communications Group – regular attendees included the Gambling Commission, LACORS, and representatives of the gambling sectors. The group was formed at the beginning of 2007 to develop and implement a communications strategy which would highlight the need for existing gambling operators to apply for new licences by certain deadlines to benefit for continuation rights. Previously some communications work had been done by the Premises Licence Working Group. In addition to agreeing key messages and identifying effective channels by which to reach even those operators who were not members of trade associations, the group also assisted with the development of user-friendly sector-specific leaflets for circulation to operators by local authorities. The result of these efforts was a very high level of applications by the appropriate deadlines, ensuring that the majority of current operators would be able to continue operating after 1 September 2007. Implementation of the 2005 the Gambling Act had not yet been determined. This group was also absorbed by the Premises Licence Working Group during the summer of 2007.

Principles of better regulation

2.32 During development of the regulatory regime, DCMS and the Gambling Commission worked closely with the Better Regulation Executive to ensure that the five Principles of Good Regulation were followed. Wherever viable, DCMS has made use of non-statutory Gambling Commission controls and encouraged voluntary practice by industry. For example, a self-regulation advertising code based on one used by the Advertising Standards Agency, or by holding Government’s powers to make regulation in reserve (not yet making use of the power to impose an annual financial levy on the holders of all operating licences to be paid to the Gambling Commission for alleviating problem gambling).

2.33 Guidance on public consultation and assessing regulatory impacts has been followed to gain valuable information in shaping and defining both policy proposals (including viable options, potential costs and benefits) and their likely risks, plus the more detailed aspects of regulation. Learning lessons from the implementation of the Licensing Act 2003 was also important in this part of

implementation, notably in respect of consulting with stakeholders and aspects of the premises licence system. For example, the design of simpler forms and allowing a 'slip rule' to deal pragmatically with enabling minor errors in applications.

Gambling Commission – Statement of Principles

2.34 The Gambling Commission is committed to regulating in a manner that is consistent with Hampton principles and the Macrory characteristics of better regulation. During the development of the new regulatory regime, the Gambling Commission demonstrated its commitment to better regulation by publishing a *Statement of Principles* explaining how the Commission will:

- regulate gambling in the public interest and do so vigorously;
- regulate in a transparent, accountable, proportionate, consistent and targeted manner;
- take a risk-based approach to regulation;
- make assessments of risk that are led by evidence, relevant information and best regulatory practice in the light of international experience;
- take a cautious approach where there is no evidence;
- consult with stakeholders; and
- use its resources effectively.

2.35 This approach to regulatory activity – taking action in the light of clear, comprehensive risk assessments – was warmly welcomed by most operators and stakeholders during the extensive consultation process when these principles were being developed. The Commission has replicated this approach in detailed guidance it has drawn up for licensing authorities and in how it is to work with other key agencies (e.g. the Serious Organised Crime Agency, the Assets Recovery Agency and the Charity Commission) in carrying out inspections of gambling premises.

2.36 The Commission proposes to work in a transparent, accountable, proportionate, consistent and targeted way. Its approach to regulation will rely on objective risk-based assessment, with a focus on required outcomes that consistently achieve the Act's licensing objectives and avoidance of unnecessarily prescriptive detail. Risk assessment will be based on well-founded factual evidence and informed by international experience. The Commission will be open to reasoned argument about its regulatory approach and methods and will continue to hold regular discussion with the industry and other key stakeholders.

Licensing Authorities

2.37 In support of licensing authorities' responsibility for the gambling premises licence system, the 2005 Act requires the Commission to issue guidance to them on the manner in which they are to exercise their licensing, inspection and enforcement functions under the Act. This is important because of the underlying tension between the Act's intention of allowing local accountability and the industry's understandable desire for a broad consistency of approach to regulation.

2.38 The guidance was published in June 2007⁵ (supplements will be published as necessary), included advice on applying the Hampton principles and is designed to ensure the spread of best practice and consistency of approach in decision making. It aims to create a single point of reference, without preventing licensing authorities from properly exercising their discretion to make decisions

⁵ <http://www.gamblingcommission.gov.uk/UploadDocs/Contents/Documents/Policy%20Statement.pdf>

that take account of appropriate and relevant local issues and factors. Because of the interface and areas of common interest shared by the Commission and licensing authorities under the Act, they have committed to collaborating closely to secure successful implementation and development of the new regulatory framework. Specifically, they aim to avoid duplication of effort (and hence costs and impact on fees), for example, in respect of data requirements or inspection.

OTHER POLICY AREAS

Legal Deposit Libraries Act 2003

2.39 The Legal Deposit Libraries Act 2003 extended the principle of legal deposit, which has existed for printed material since 1911, to non-print publication formats. This was done under the presumption that further regulation would be implemented for digital materials – such as offline publications, e-journals and websites. In 2005, the Legal Deposit Advisory Panel was established to advise the Secretary of State on the timing and content of such regulations.

2.40 The environment in which the Panel is operating is an increasingly complex and challenging one where technological and policy developments impact significantly on their work. In 2007 Ministers revised the Panel's terms of reference to reflect better regulation principles, extending their role to advising the Secretary of State on both 'regulatory and non-regulatory options for the deposit of non-print material'. The DCMS secretariat arranged a Better Regulation Executive training presentation for the Panel, and has worked with them to ensure that they give regard to voluntary codes of practice, and fully integrate the new Impact Assessment processes into their work.

2.41 The Panel is currently investigating non-regulatory options for the deposit of non-print material and is expected to report in the summer of 2008. This will allow them to test processes and address emerging issues. The Panel will only progress to recommending regulation if the voluntary schemes prove insufficient in meeting the intended policy objectives.

National Lottery Distributors

Background

2.42 In 2006-07, National Lottery distributors awarded more than 27,000 grants totalling almost £950 million. Since the National Lottery was launched in 1994 over £20 billion for the good causes has been raised, with more than 280,000 grants benefiting projects in arts and film; sport; heritage; charities; health; education and the environment.

2.43 The role of Lottery distributors and the way they operate is set out in the National Lottery Act 1993 (as amended in 1998 and 2006) and Policy and Financial Directions issued by the Secretary of State for Culture, Media and Sport. DCMS could not have predicted the success of the Lottery, when it was first launched, and has worked with distributors to improve the way Lottery monies are distributed, taking into account the lessons learned over the last 13 years from applicants and other stakeholders. The 2006 Act allowed many of these to happen and Lottery grant applicants are already feeling the benefits.

2.44 There are 13 main distributors⁶ which are set out in Table 4 below. Working with stakeholders, each uses its knowledge of the sector in which it operates to assess and target need.

⁶ * In addition, the National Endowment for Science, Technology and the Arts (NESTA) was established with Lottery monies and supports talent, innovation and creativity in the UK, with the intention of transforming the UK's capacity for innovation. NESTA does not operate in the same way as other distributors and is not overseen by DCMS. For this reason, NESTA is not included in the arrangements outlined here. Neither is the Olympic Lottery Distributor, created in 2006 to fund the 2012 Olympic and Paralympic Games – although sponsored by DCMS, the OLD will only fund the Games and will consequently not invite applications from any other body.

As part of a review in 2002-03 DCMS Ministers concluded that this was the most effective means of distributing Lottery monies as opposed to a single Lottery distributor, for example.

2.45 Lottery grants are generally offered in response to applications, although since 1998 distributors have had the power to solicit applications under certain circumstances. Distributors ensure that application forms are accessible, written in plain language and only ask for necessary information proportionate to the amount of grant being requested. Generally, applicants will receive additional information about the purpose of the grant programme, the kind of organisation and project most likely to obtain a grant and how applicants can best outline the advantages of their project.

2.46 These requirements can seem onerous to new or inexperienced applicants, but are there to ensure that applicants think carefully about their project and how to achieve its key objectives – an important factor when they are competing with many other applicants. They also help distributors make the tough decisions on which projects to fund, faced with limited funding. Additional help is available from distributors and some schemes, such as Awards for All, offer a simplified application and decision-making process.

2.47 Distributors must ensure that grantholders use their grant for the purpose for which it was granted. But they do use risk-management and value for money processes to ensure that information requests and monitoring are proportionate. Larger, riskier grants justify a higher degree of monitoring and distributors outline this in their grant conditions. Many distributors allow grantholders to self-monitor, using standard forms aimed at reducing the administrative burden.

Table 4 – Lottery grant distributors

<p><i>Charities, health, education and the environment</i></p> <p>Big Lottery Fund</p>	<p><i>Heritage</i></p> <p>Heritage Lottery Fund</p>
<p><i>Arts</i></p> <p>Arts Council England</p> <p>Arts Council of Wales</p> <p>Scottish Arts</p> <p>Arts Council of Northern Ireland</p> <p>UK Film Council</p> <p>Scottish Screen</p>	<p><i>Sport</i></p> <p>Sport England</p> <p>Sports Council for Wales</p> <p>Sportscotland</p> <p>SportsCouncil for Northern Ireland</p> <p>UK Sport (for elite-level sport)</p>

Making the Lottery simpler and easier

2.48 Over the last 13 years, distributors have developed their own knowledge and experience about the sectors in which they operate. This has been enhanced by ongoing consultation, research and other feedback. They work individually, for example by rationalising and reducing the number of funding programmes they run, taking into account the specific needs of their respective sectors, but also work collectively to share knowledge and achieve best practice and to make the Lottery simpler and easier. This latter approach has led to a new, improved telephone helpline, website and funding search tool, with links to each distributor. The evaluation of these facilities is ongoing.

2.49 DCMS was responsible for the Lottery Act 2006 which merged the New Opportunities Fund and Community Fund to create the Big Lottery Fund which simplified the grant-making system and brought about budgetary savings to the benefit of the good causes. DCMS is also drafting new policy directions to allow greater flexibility to distributors to consider and reflect the public's priorities in setting their grant programmes.

2.50 DCMS and distributors are continuing to work together to ensure that these improvements are ongoing, with new improvements identified and taken forward. These are outlined in more detail below.

Simplifying the application process

2.51 All Lottery Distributors are committed to keeping their application processes and forms under review, to ensure that they seek only the most relevant and necessary information. The Heritage Lottery Fund expects to introduce revised forms in spring 2008. Arts Council England, Sport England and Big Lottery Fund have all reviewed their grant-management processes in 2007. In addition all distributors are able to solicit applications and the Big Lottery Fund can, in certain circumstances, award funds without an application. All of these measures reduce the burden that applicants face when seeking lottery grants.

2.52 DCMS is also working with distributors to consider further steps to improve guidance or signposting to applicants and potential applicants and steps to rationalise existing grant programmes, or run joint programmes where appropriate.

Simplifying monitoring processes for Lottery grants

2.53 During 2006 DCMS encouraged distributors to use risk management techniques both when establishing new lottery programmes and monitoring individual lottery grants. This resulted in the Big Lottery Fund, the largest lottery distributor, establishing a procedure where:

- each grant is given a risk rating;
- there is self-evaluation for the majority of grants;
- standard monitoring forms are used; and
- there are standard procedures for all major capital grants.

2.54 The other main lottery distributors have agreed to adopt a common protocol for monitoring the largest capital grants, including the use of a single monitoring process for jointly funded projects.

London 2012 Olympic and Paralympic Games

2.55 The London 2012 Olympics will go further than any other games in opening up opportunities for small business to secure contracts. So far, half of the contracts awarded have gone to SMEs. All contract opportunities are published on the London 2012 website, including advance notice of future opportunities. In addition an electronic brokerage system (EBS) is being piloted in London and will be launched fully in early 2008. The EBS will match prospective businesses to contract

opportunities. Furthermore, businesses registering their interest in new Games opportunities will receive updates on new opportunities and will be signposted to regional support to improve their ability to network and to compete effectively with one another.

2.56 The Olympic Delivery Authority also expects that most stages of the procurement process will take place online, via their eTendering system.

Chapter 3: Going Forward

FUTURE SAVINGS

3.1 Table 5 shows the savings DCMS expects to deliver, by year, until May 2010, based on current policy objectives.

Table 5: Simplification measures, 2008-10

Year	Measure	Annual savings
2007/08	Removal of Designated Supervisor requirements for village halls – Licensing Act 2003	£200k
2008/09	Mobile Licensable activities – Licensing Act 2003	£100k
2008/09	Revision of application process (including review of advertising requirements) – Licensing Act 2003	£5.5 million
2008/09	<i>De minimis</i> exemptions – Licensing Act 2003	£200k-£500k
2008/09	Introduction of minor variations procedure (dependant on which option following consultation) – Licensing Act 2003	£1.5-£2.8 million
2008/09	Gambling Act 2005 – programme to be determined	

LICENSING

Removing DPS requirements for village and community halls

3.2 Proposals for changes in the DPS requirements are currently out to consultation. Subject to the comments received, the aim is to produce an LRO and any necessary supplements to the

guidance under section 182 of the Licensing Act 2003 in early 2008. Timing will depend on whether there is a need for further consultation, for example, on the actual Order or supplementary guidance. Although this measure has limited impact on business as a whole, the aim is to meet the 6 April 2008 common commencement date.

Implementation date: April 2008

Administrative burden saving: £0.2m

Minor variations

3.3 DCMS issued a public consultation document in November 2007. The timetable depends on the option Ministers select as a result of that consultation. Additional statutory guidance will be pivotal if certain options are adopted and would therefore be subject to further public consultation. DCMS will aim to meet the October 2008 common commencement date.

Implementation date: October 2008

Administrative burden saving: £1.5-2.8m

Application processes

3.4 Pre-consultation discussions are being arranged with key stakeholders. Initial soundings suggest DCMS looks at all elements which relate to the licensing application process, such as form-filling, advertising requirements and other minor issues and irritants. This will produce a package of measures which has the potential to deliver significant savings. Most changes should be achieved through secondary legislation, although others may require changes to primary legislation. In addition changes to the statutory and non-statutory guidance may be required. Timetable for completion of this project is therefore uncertain, but will aim to meet the October 2008 common commencement date. It is hoped that this will address gold-plating identified by the recent BRE report *Informing the public in a multi media age*.⁷

Implementation date: October 2008

Administrative Burden Saving: £5.5m

De minimis exemptions

3.5 Pre-consultation discussions have concluded and options will be developed during December 2007. DCMS aims to issue a public consultation document in February/March 2008. This suggests a target for changes to commence from 1 October 2008.

Implementation date: October 2008

Administrative burden saving: £200k – 500k

Options for licensing travelling or mobile licensable activities (e.g. circuses, late night food vans, travelling theatre etc)

3.6 Ministers have agreed to look at options for responding to problems faced by travelling entertainment and other mobile forms of licensable activity. The focus has been on circuses and an exercise completed to gather data about the impact of the regime on their activities. More work may be required to follow up limited data provided by licensing authorities. Several areas of burden are

⁷ http://bre.berr.gov.uk/regulation/documents/communication/informing_public.pdf

common to other applicant and should be resolved by other simplification measures. However, Ministers will want to consider a range of options, including possible amendments to primary legislation. Until Ministers have decided on their policy preference, it is difficult to predict the completion date for this work. Ministerial decision on preferred options by early 2008.

Implementation date: April 2009

Administrative burden saving: £0.1m

GAMBLING

3.7 The principal piece of work during 2008 is the completion of the measurement exercise of the Gambling Act 2005. To keep the impact of the 2005 Act under review, DCMS and the Gambling Commission will, over the coming months, also take several steps to maintain the focus on better regulation to ensure that the new regime does not place unnecessary burdens on responsible business.

3.8 Now that the 2005 Act is fully operational, the Gambling Commission will keep its approach under review and expects to modify its approach to regulation from time to time. In particular, operators may seek to expand the scope of their permitted activities. In all such situations, the Commission's approach will be consistent with the licensing objectives and it will be guided by its *Statement of Principles* to include:

- use of the application process, regulatory review panel and the Gambling Appeals Tribunal to review standards on all aspects of the licensing regime and the impact of the licensing arrangements on small businesses and low-risk operations;
- development of new IT solutions to address evolving business needs to enable easier communications, (i.e. completion of application forms and regulatory returns online and the payment of licence fees);
- review and develop the Licence Conditions and Codes of Practice (LCCP) by sector and topic to ensure that the regulatory mechanisms are suitable and fit for purpose; development of technical standards and monitoring of the LCCP; and
- review of guidance to licensing authorities, with the aim of improving industry interface on premises licence matters and developing consistency of understanding of their role by licensing authorities.

3.9 Licence fees: reviews will be undertaken of the level of fees set by individual licensing authorities (for gambling premises) and the new licence fees set by DCMS and payable to the Gambling Commission (for operator and personal licences). One aim is to reassure the gambling industry that fees are set at a level that recovers no more than the costs necessarily incurred by the regulatory authorities to carry out their functions under the 2005 Act. It is important to do so promptly since costs had to be estimated in advance of actual operation of the new system, with limited precedent for guidance. Adjustments will be made through secondary legislation, if deemed necessary. A review will be undertaken, when appropriate, of the level of the centrally set fee maxima up to which individual licensing authorities may set their fees (for gambling premises).

3.10 Continued liaison with stakeholders: as described previously, DCMS maintained a programme of meetings with key stakeholder groups to inform the development of policy and regulation. Now that the 2005 Act is in force, and to build upon good practice, this programme of meetings with industry, community representatives, licensing authorities and other agencies will continue. It will be adapted and led by the Gambling Commission, as the organisation with the closest interface, but DCMS will remain involved and attend meetings. Discussions are taking place to make this transition as smooth as possible with a review of the number of stakeholder groups,

membership and terms of reference. Building on the good work already taken place, seven new groups are being considered:

- Industry Liaison Group;
- Community Liaison Group;
- Local Authority Liaison Group;
- Licensing, Compliance and Codes of Practice;
- Gambling Stakeholders Group;
- DCMS and Gambling Commission Sponsorship Group; and
- Prevalence Study Steering Group.

3.11 By taking the lead, the Gambling Commission is demonstrating a strong commitment to continued dialogue and hence willingness to consider further changes, improvements and, where appropriate, simplification.

OTHER POLICY AREAS

Heritage Protection Reform: draft Bill

3.12 DCMS is preparing to publish a draft Bill which will simplify the current system of protecting the UK's heritage and replace four pieces of legislation with just one.

3.13 The proposals in the draft Heritage Protection Reform Bill are based around three core principles:

- **Unification:** developing a unified approach to the historic environment;
- **Inclusion:** maximising opportunities for inclusion and involvement; and
- **Integration and efficiency:** placing decision-making powers where they sit most naturally and supporting sustainable communities by putting the historic environment at the heart of an effective planning system.

3.14 The main provisions of the proposed legislation include: a single designation regime to replace listing, scheduling and registering; merged Listed Building Consent and Scheduled Monument Consent; new Registers of Historic Buildings and Sites of England and Wales; heritage partnership agreements to improve the management of complex sites; a statutory duty for local authorities to maintain or have access to Historic Environment Records; and an improved designation and licensing system for marine historic assets.

3.15 The key benefits of the new heritage protection system will be a clearer and more streamlined consent system, as there will only be one type of consent needed for work to all historic assets and conservation area consent will be merged with planning permission. All designation decisions will be undertaken by English Heritage which will result in a faster, more efficient system which will benefit all users of the heritage protection system. The reforms will also provide more certainty for developers, through the increased use of Certificates of Immunity (COI) and pre-application assessments, which in turn will deliver economic benefits.

3.16 The Heritage Protection Reform Bill will replace the provisions of the Planning (Listed Buildings and Conservation Areas) Act 1990, the Historic Buildings and Ancient Monuments Act 1953, the Ancient Monuments and Archaeological Areas Act 1979 and the Protection of Wrecks Act

1973. The Bill will apply to the system for terrestrial assets situated in England and Wales and the whole of the United Kingdom with regard to marine assets.

3.17 DCMS has permission to publish a draft Bill in the 2007/08 session. If a bid for legislation in the 2008/09 session were to be successful, reforms would be implemented from 2010-11.

3.18 An Impact Assessment is currently being prepared and will accompany the publication of the draft Bill and will contain figures about the anticipated administrative burden savings.

Impact on Third Sector

3.19 DCMS has relatively little direct interaction with Third Sector bodies. However, many of its NDPBs have considerable interaction with the third sector, with substantial funding being directed into them. As evidenced above, DCMS wants to ensure that the action it is taking on reducing burdens on NDPBs is mirrored in the organisations themselves and so benefiting those third sector bodies that work with them.

3.20 The biggest interaction is through the NDPBs which are Lottery Distributors, as explained previously in Chapter 3. The Big Lottery Fund, which distributes Lottery money to health, education, the environment and charitable purposes, has undertaken that 60-70 % of total funding will go to the voluntary and community sector. The Big Lottery Fund has also been at the forefront of implementing the voluntary sector compact and full cost recovery. Third sector bodies in the other good cause sectors, namely the arts, heritage and sport, also benefit significantly from Lottery funding. As evidenced by the strong focus on applications and grants that present the highest risk and by providing better guidance for applicants, Lottery distributors are serious about making it simpler, and less burdensome, for applicants to interact with Lottery distributors. This stands to reason, as unnecessary burdens will damage the very projects that the Lottery aims to help.

3.21 DCMS has also said it will investigate ways in which it can survey the customers of NDPBs, including those from the third sector, and then help bodies in implementing any suggestions made. DCMS also hopes that the work to investigate regulatory burdens within its sectors will highlight any problems being faced by third sector bodies that relate to DCMS's objectives.

3.22 The proposed change to the Licensing Act 2003 to remove the need for Village or Community Halls to have a Designated Premises Supervisor will be of great benefit to the voluntary and charitable organisations that run these premises. Further information about this proposal is set out above.

CULTURE AND CAPACITY

3.23 During 2007-08, DCMS will focus on establishing the costings of the Gambling Act 2005 and continue to deliver the identified simplification measures under the Licensing Act 2003. As it stands, there is no new flow of regulation anticipated, but DCMS will continue to work with its stakeholders, businesses and public bodies to address concerns of burdens imposed by DCMS and other parts of Government.

3.24 DCMS is currently undergoing internal transformation, which will give DCMS a more focused approach to delivering its priorities. Economic impact – the impact and opportunities DCMS sectors present – will remain a core part of its objectives. Within this, DCMS has agreed that better regulation remains a key driver in the way DCMS develops and implements policy.

3.25 DCMS is currently exploring the options for specific training on impact assessments and building capacity to develop options around simplification and measuring the outputs of businesses within our sectors. The team which leads on better regulation in DCMS expects to arrange a series of seminars with relevant DCMS colleagues and sponsored public bodies to improve understanding of the agenda. Given the importance attached to this by Government, DCMS expects all senior staff to be equipped with a robust understanding of better regulation to ensure policy development is fully informed by cost benefit analysis and avoiding unnecessary burdens.

Risks

3.26 The main risks to delivery are potential changes in public policy. While measures are taken to reduce unnecessary administrative burdens placed on business and other sectors, Government policy changes could mean that new or additional regulation is created that affects DCMS sectors and potentially increases policy and administrative burdens as a result. However, DCMS is committed to reducing unnecessary burdens and through policy development will, in consultation with stakeholders, seek to deliver policy without placing undue burdens on the private or public sector.

Chapter 4: Public Sector Strategy

4.1 Government is currently engaged in a programme of identifying and reducing data requests placed on frontline public bodies and to ensure better coordination of information requests in the future.

4.2 DCMS sponsors over 50 executive Non-departmental Public Bodies (NDPBs) and is currently working to deliver the Public Sector Strategy. The DCMS Capability Review, published in March 2007, recommended that DCMS develops a risk-based framework for its relationship with the sponsored bodies, and uses this framework to exit from transactions that do not add significant value.

4.3 In response, DCMS has developed a light-touch risk-assessment process which it plans to use to develop a proportionate assurance regime for each individual NDPB, tailored according to risk. DCMS aims to reduce transactions with all its NDPBs, and in particular with the lower-risk bodies. The target is at least a 20% reduction in transactions by end of 2008 and we hope to achieve the 30% target reduction agreed across Government well ahead of schedule. The current schedule of data requests is attached at Appendix A.

4.4 Since a significant proportion of current transactions are generated by other departments, delivering the target will depend in part on agreement within Whitehall. These discussions will cover not only data requests but also the scope for rolling out further freedoms and flexibilities to some or all bodies. Consultations with NDPBs indicate that their main concerns have to do with restrictions on their freedom to operate, rather than with bureaucracy, which is not seen as excessively onerous, though sometimes overly complicated or time-consuming.

4.5 The following improvements have already been made:

- with the agreement of the Treasury, DCMS has ensured that the requirements of Whole of Government Accounts (WGA) only impact on bodies with annual expenditure of more than £10 million, up from the previous threshold of £5 million. DCMS is now looking at raising the limit to £50 million, which would exempt a further two NDPBs from the annual WGA return. For those bodies which have to submit returns, the threshold for the WGA balances and transactions return has been raised from £1 million to £5 million, thereby reducing the number of transactions for which NDPBs have to secure agreement;
- phased out the quarterly stewardship report for 33 bodies in the Principal Civil Service Pension Scheme;
- exempted five sponsored bodies from the requirement to submit a monthly grant in aid drawdown request; they now have to complete the form only twice a year; and
- reviewed the list of performance indicators DCMS requires sponsored museums and galleries to report on, with a view to making the process more light-touch and more appropriate to the institutions themselves.

4.6 Following the extensive consultations undertaken during and following the Capability Review, DCMS has conducted a survey of key staff in all executive NDPBs, seeking their views on aspects of their relationship with DCMS. This produced a response rate of circa 60%. DCMS plans to repeat this survey early in 2008 to monitor progress.

4.7 The survey included questions about the amount of paperwork required of sponsor bodies by DCMS. The results showed a significant level of concern, especially among the finance staff dealing with most of the returns. NDPBs asked in particular for greater simplicity, clarity, consistency, planning, feedback and regard for materiality. DCMS has taken those comments on board and designed plans for making further progress towards the target.

In addition DCMS will:

- aim to reduce the burden of bureaucracy for the smaller bodies least able to cope with it, by extending the use of a materiality threshold. As a first step, bodies with annual turnover of less than £10 million will be exempted from the annual survey of NDPB finance staff, and bodies with less than £5 million annual turnover will move from monthly to quarterly drawdown of grant in aid;
- discontinue the annual return on actual and contingent liabilities since sponsored bodies have to report these as they occur;
- remove the requirement for NDPBs to submit their procurement strategy annually;
- remove the current requirement to submit annually the register of interests for NDPB Board members;
- remove the current requirement to submit risk registers annually, since DCMS is planning to put in place a light-touch risk assessment process, with reviews every two or three years;
- for Lottery distributors, consider with Treasury changing the quarterly drawdown forecast request to a half-yearly request;
- introduce a new screening system for one-off data requests. All such requests will have to be approved by a senior official. Staff will be required to consider alternatives to issuing general requests, such as consulting a sample of bodies or using in-house data sources;
- look to implement the provisions of the Charities Act 2006 in a way that is as light touch as possible, while recognising DCMS's legal responsibilities as Principal Regulator for the 14 exempt charities that it sponsors.

Mirroring success through the delivery chain

4.8 Many of the NDPBs have already been successful in reducing data requirements on those they deal with. The lottery distributors in particular are keen to keep information burdens to a minimum. DCMS proposes to conduct a survey of frontline users across the whole of its areas to gauge the extent of the burdens placed on them by the NDPBs.

4.9 Using the results of this survey, we will work with NDPBs on areas that have been highlighted to identify possible simplifications that will reduce the burden they impose. The communication of the results of the survey will also allow us to target training and advice about how to improve practices, in line with the new relationship with NDPBs and the principles set out in this plan.

Other areas of interaction with the public sector

4.10 DCMS has limited contact with the public sector outside of its interaction with its NDPBs. The implementation of both the Licensing Act 2003 and the Gambling Act 2005 has seen DCMS consult fully with local authorities about the implementation of these pieces of legislation as well as further involvement with them to consider possible changes to legislation. In terms of data requests, both the Gambling and Licensing Divisions made a small number of ad-hoc requests to some licensing authorities in the run up to implementation of each Act, but this tailed off post implementation. The Gambling Act 2005 requires local authorities to provide the Gambling Commission with data about licensing activities mostly on a quarterly basis, although it is hoped that a voluntary approach will be used. This does not apply to the Licensing Act 2003 and while a voluntary survey has taken place this year and will be repeated in 2008, it is then expected to revert to tri-yearly surveys.

Further information

4.11 Further information on DCMS, its priorities and how it is managing the better regulation agenda can be found on its website at: www.culture.gov.uk or you can email simplicity@culture.gsi.gov.uk, or write to DCMS at the address at the end of this document.

Appendix A: Data burdens placed on public sector organisation

Data return description	Driver for information collection	Collection format	How is information used (including frequency)	Type of frontline body completing return	No of frontline bodies affected	Frequency collected by frontline body	Frequency collected by department
Actual and contingent liabilities	Financial accountability	Report	Annual Report	Departmental NDPB	57	Annual	Annual
Schedule 5 returns	Financial accountability	Report	Annual Report	Departmental NDPB	57	Annual	Annual
Procurement Strategy	Financial accountability	Letter	Annual Report	Departmental NDPB	57	Annual	Annual
Pensions assurance process	Cabinet Office requirement	Report	Annual Report	Departmental NDPB	57	Quarterly	Quarterly
Efficiency savings	PSA/DSO target	Report	Published report	Departmental NDPB	57	Six-monthly	Six-monthly
Museum performance indicator out-turn report	PSA/DSO target	Report	Published report	Museum NDPB	57	Six-monthly	Six-monthly
Provisional out-turn/eyf return	Performance target	Report	Annual Report	Departmental NDPB	57	Monthly	Monthly
WGA transactions and balances returns	Financial accountability	Report	Annual Report	Large Departmental NDPB	57	Annual	Annual
Anti Fraud Questionnaire	HMT requirement	Report	Annual Report	Departmental NDPB	57	Annual	Annual

Data return description	Driver for information collection	Collection format	How is information used (including frequency)	Type of frontline body completing return	No of frontline bodies affected	Frequency collected by frontline body	Frequency collected by department
Procurement savings returns and updated Action Plans	To complete OGC requirement	Report	Annual Report	Departmental NDPB	57	Annual	Annual
Full Year funding agreement out-turn reports	PSA/DSO target	Report	Annual Report	Departmental NDPB	57	Annual	Annual
Trustees register of interests	Financial accountability	Report	Sectoral background	Departmental NDPB	57	Annual	Annual
Annual Report and accounts	PSA/DSO target	Report	Sectoral background	Departmental NDPB	57	Annual	Annual
Value for Money return	OGC requirement	Report	Sectoral background	Departmental NDPB	57	Annual	Annual
Procurement performance management	Financial accountability	Report	Sectoral background	Departmental NDPB	57	Annual	Annual
End Year flexibility requirements	HMT requirement	Report	Sectoral background	Departmental NDPB	57	Annual	Annual
Half Year funding agreement out-turn report	PSA/DSO target	Report	Sectoral background	Departmental NDPB	57	Annual	Annual
Risk Register	Financial accountability	Report	Sectoral background	Departmental NDPB	57	Annual	Annual
Country and Regional Analysis	HMT requirement	Report	Sectoral background	Departmental NDPB	57	Annual	Annual
Pay remit	HMT requirement	Report	Sectoral background	Departmental NDPB	57	Annual	Annual
Grant in Aid profiles	Financial accountability	Report	Sectoral background	Departmental NDPB	57	Annual	Annual
Forecast of drawdown from the National Lottery Distribution Fund	Financial accountability	Report	Sectoral background	National Lottery distributors	14	Quarterly	Quarterly

Data return description	Driver for information collection	Collection format	How is information used (including frequency)	Type of frontline body completing return	No of frontline bodies affected	Frequency collected by frontline body	Frequency collected by department
Snapshot of hard, soft and other grant commitments by lottery distributors	Ministerial request	Report	Sectoral background	National Lottery distributors	14	Quarterly	Quarterly
Pensions Stewardship report	Cabinet Office requirement	Report	Sectoral background	Departmental NDPB	57	Quarterly	Quarterly
Grant in Aid request	HMT requirement	Report	Sectoral background	Departmental NDPB	57	Monthly	Monthly
Uploads to National Lottery Grants Database	Ministerial request	Report	Sectoral background	National Lottery distributors	14	<i>Ad hoc</i>	n/a
Performance Indicators on time and cost of processing Lottery applications	Financial accountability	Report	Sectoral background	national Lottery distributors	14	Annual	annual
Cost benefit analysis on commercial insurance	Financial accountability	Report	Sectoral background	Departmental NDPB	57	<i>Ad hoc</i>	<i>Ad hoc</i>
Appraisal on high value projects	Financial accountability	Report	Sectoral background	Departmental NDPB	57	<i>Ad hoc</i>	<i>Ad hoc</i>
Chief Exec Pay approval	Financial accountability	Report	Sectoral background	Departmental NDPB	57	<i>Ad hoc</i>	<i>Ad hoc</i>
Agreement of severance pay	HMT requirement	Report	Sectoral background	Departmental NDPB	57	<i>Ad hoc</i>	<i>Ad hoc</i>
Survey of Licensing Act 2003	Sectoral background	Statistical return	Published statistics	Local Authority	378	Weekly	Annual for three years
Details of fees for gambling premises licences	Sectoral background	Statistical return	Sectoral background	Local Authority	378	One-off	One-off



department for
**culture, media
and sport**

2-4 Cockspur Street
London SW1Y 5DH
www.culture.gov.uk