

# **GAMBLING BILL –INITIAL RIA**

## **Introduction**

1.1 This Initial Regulatory Impact Assessment (RIA) assesses the impact of the measures to be included in the response to Joint Scrutiny Committee on the Gambling Bill. A full RIA will be produced to accompany the Gambling Bill's introduction.

1.2 Gambling is a popular leisure activity for many Britons. A DCMS study into gambling participation (published in 2004) found that 70% of adults gamble. Gambling activities also play a significant role in facilitating social interaction and community cohesion, through bingo halls, horse race meetings etc.

1.3 The gambling sector also makes a contribution to the UK economy. Gambling expenditure (ie. stake less winnings) in the year ending 31 March 2003 is estimated at £7.8 billion. This expenditure was used to pay around: £1.3 billion in betting duties, £300 million in corporation tax and VAT, and £1.5 billion in good causes contributions. It also funded employment of around 124,000 full time equivalents.

## **Purpose and intended effect**

### **The Objectives**

1.4 The law on gambling is now more than 30 years old. The current laws do not cater for modern technology or the Internet and consequently do not provide satisfactory consumer protections. The Government has reviewed these laws and has drafted new legislation to modernise regulation and ensure that it can respond flexibly to future technological and market developments. In doing so it will continue to ensure that the main objectives for gambling are maintained, namely to:

- Prevent gambling being a source of crime and disorder;
- Ensure that gambling is conducted in a fair and open way; and
- Protect children and other vulnerable persons from being harmed or exploited by gambling.

1.5 In delivering the reforms the Government will:

- Replace three Acts of Parliament and subordinate legislation governing the conduct of gambling in Great Britain: the Betting Gaming and Lotteries Act 1963; the Gaming Act 1968; the Lotteries and Amusements Act 1976 and consolidate them into one Act;
- Set up a new regulator, the Gambling Commission, with powers to deal with gambling offences;
- Put in place a comprehensive new system of protective measures designed to discourage excessive gambling;
- Extend choice for adult gamblers;

- Ensure that consumers are fully informed about the products they use and the risks involved;
- Instigate a sustainable programme of related research and effective programmes for the prevention and treatment of problem gambling; and,
- Set up a system to regulate on-line gambling;

## The background

1.6 The Government set up an independent review of gambling law under the chairmanship of Sir Alan Budd in 1999 to consider how gambling should be regulated in future. *The Gambling Review Report* made 176 recommendations for changes to the current system of control. The report was published in July 2001 and the Department consulted widely, including organising a series of meetings with industry representatives and other stakeholders, such as representatives of faiths and charitable organisations.

1.7 The Government published its response to the report<sup>1</sup> in March 2002. Of the 176 recommendations that the Review body made, the Government announced that it was minded to implement, either in full or part, 157, rejecting only nine, with a further 10 subject to further consideration and consultation.

1.8 In September 2003, a Joint Committee was appointed by the House of Commons and the House of Lords to scrutinise the draft Gambling Bill published in November 2003. That Committee reported in April 2004 and this Initial RIA accompanies the Government's response to that report.

## Risk assessment

1.9 There are several risks in failing to modernise the gambling laws. The current system of regulation has worked reasonably well but is increasingly unable to cope with innovations such as Internet gaming and the development of betting exchanges. Retaining the status quo would:

- Maintain law that is difficult and complex to interpret and which does not cater for modern technology which could lead to abuse and unfair practices;
- Fail to make proper provision for protecting children and vulnerable adults;
- Hamper the proper sharing of information among gambling regulators and law enforcement agencies;
- Hamper the growth of the gambling industry and the leisure sector in Great Britain;
- Maintain unnecessary burdens on business through outdated regulation;
- Hinder the development of gambling products in both the domestic and overseas markets and the speed at which they can be introduced; and,
- Restrict choice of gambling products for punters.

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<sup>1</sup> *A Safe Bet for Success Cm 5397*

## Options

1.10 Three broad options have been identified in reforming the gambling laws.

### **Option 1 – leave all of the legislation unchanged (i.e. retain the status quo)**

1.11 This would not meet the objectives of new gambling laws. The risks of failing to do this are set out in section 1. 9.

### **Option 2 - implement all of the recommendations set out in the Report of the Joint Committee**

1.12 This option will meet the objectives and create a more open and competitive gambling sector that offers a wider choice for consumers and will create employment opportunities in parts of the industry.

## Social issues

1.13 The main issue identified by the Joint Committee was that in extending choice and availability of gambling there could be an increase in problem gambling. It is estimated that there are between 275,000 and 370,000 problem gamblers in the UK. It is widely recognised that some individuals become obsessed by gambling to the point at which they cease to function as normal members of society and may do great harm not only to themselves and also to their families and possibly the general public. The Committee expressed the view that, although the overall framework of the Bill is about right, the Government should proceed more cautiously than was first envisaged especially with regard to the liberalisation of high value gambling machines.

1.14 The Gambling Commission will be responsible for monitoring the impact of gambling reform and reporting to the Government. It will set and enforce codes of practice including standards of social responsibility as conditions of operating licences. The Government also wishes to see a sustainable programme of research into the causes of problem gambling and into effective methods of counselling and treatment intervention. The Government has actively supported the creation of an industry- funded Responsibility in Gambling Trust to take forward these and other programmes. If the £3m suggested by the Gambling Review to fund the Trust is not achieved the Government would impose a statutory levy through reserve powers in the Bill. Its first and overriding responsibility must be to the interests of citizens, consumers and families and it would not hesitate to use its powers if the level of commitment from the gambling industry is not maintained following the passage of reforming legislation.

## Crime

1.15 Relaxing gambling regulations could potentially increase the risk of criminal infiltration and money laundering. This will be addressed through an effective system of licensing and regulation through the Gambling Commission.

The Commission will have wide-ranging responsibilities and powers, including:

- Licensing, inspection and enforcement responsibility for all commercial gambling operators and their staff;
- Access to criminal records;
- Powers to support the effective investigation and prosecution of cases of illegal gambling;
- Sharing of information via statutory "gateways" with law enforcement bodies and others; and,
- Powers to void unfair bets.

1.16 The Commission will also check that operators and certain categories of staff are fit and proper to run gambling activities.

### **Fiscal**

1.17 Changes in the social law could impact on related revenue receipts. HM Customs and Excise, Treasury and DCMS are addressing the implications of the proposed reforms for the management and administration of the gambling duty regimes.

### **Commercial issues**

1.18 The gambling industry indicated to the Committee that some of the Bill's proposals would impose unreasonable costs on some sectors. In particular, some bingo operators were concerned that they would suffer if casinos were allowed to offer bingo. Studies conducted on behalf of the gaming machines industry have argued that the Bill's provisions would mean that some businesses will lose revenue and could as a result cease to be commercially viable. This matter remains to be investigated.

1.19 The Committee was presented with a wide range of views on the extent to which the Bill would lead to significant economic benefits resulting from the development of the casino industry. Some casino interests argued that significant net economic benefits would result. Whilst others suggested that the casino industry would displace significant levels of activity from other parts of the economy. The Committee concluded that the overall net benefits of the development of casinos could be smaller than had been estimated. This matter is being investigated by DCMS.

### **The National Lottery**

1.20 Implementing all of the recommendations of the Joint Committee would have implications for the National Lottery and other related stakeholders – HM Treasury, HM Customs and Excise, Camelot and beneficiaries.

1.21 The Committee was attracted to the view that the National Lottery should be brought under the ambit of the Gambling Commission and recommended that this matter should be reviewed. Unfortunately, any review would take place within the period in which the next licence is to be tendered. Creating such uncertainty at that time would seriously undermine the bargaining position of the NLC. Such a

review will have to be postponed until after the next Third National Lottery licence is allocated.

### **Option 3 – implement the majority of the Joint Committee’s recommendations plus other amendments.**

1.22 The objectives would still be secured but this option would eliminate or ameliorate most of the associated risks identified in option 2.

1.23 The key changes from the Joint Committee’s Report relate to:

- **The industry -**
  - Casinos
  - Offering of credit
  - Gambling machines
  - Bingo prizes
  
- **Impact on the National Lottery -**
  - The Government proposes to conduct a value for money study on the National Lottery Commission after the next licence competition
  
- **Licensing and regulation -**
  - The Government agrees with the Committee that it would be appropriate to give local authorities greater discretion to determine whether or not a casino premises licence should be issued and on the conditions attached to licences.

## **Benefits**

### **Option 1 - retaining the status quo**

1.24 There will be no additional benefits other than those enjoyed as a result of current legislation. The status quo offers limited opportunities for future growth in the gambling sector and means that new forms of gambling will be imperfectly regulated.

### **Option 2 – implementation of all of the Joint Committee’s recommendations**

1.25 **Better business opportunities** –There has been insufficient time to assess the effect of all the Committee’s recommendations on the gambling industry. It is understood that some business groups are exploring this matter from their own points of view. However, none of these assessments is yet available.

1.26 **Greater employment opportunities** - Gambling employment, currently estimated at 124,000 full time equivalents, would be expected to rise. However, employment gains in an expanded gambling sector may be partially offset by lower employment elsewhere in the economy, given the potential for displacement of expenditure. There has been insufficient time to explore fully the conclusion of the Committee that net overall benefits would be smaller than have been estimated.

1.27 **Greater consumer choice** – a wider range of gambling products would be available within some gambling venues, and a greater number of venues would be possible also. Examples include:

- All casinos could offer customers betting;
- Large and Regional casinos might offer bingo also;
- Casino gaming machines could offer more attractive prizes; and,
- Customers would be able to play category B machines at racecourses, greyhound tracks, adult arcades, betting shops and bingo clubs;

1.28 **Better regulation** – the Government recognises, along with the Joint Committee, the theoretical advantages of a single regulator for all gambling. The new Gambling Commission will regulate a larger part of the gambling industry than the current Gaming Board. It will have statutory powers of entry, seizure and search in connection with compliance monitoring, and be better able to investigate breaches of gambling laws and regulations and consider administrative sanctions in connection with breaches of licence conditions. However, the Government remains to be convinced that the National Lottery and spread betting should be regulated by the Gambling Commission.

1.29 **Treatment of problem gambling** – the Government intends to see a long term programme of research into the causes of problem gambling in Great Britain and into effective methods of counselling or treatment intervention. To this end it believes that the Gambling Commission should conduct prevalence studies every three years rather than the five years recommended by the Joint Committee. The Gambling Review recommended, and the Government agreed, that the gambling industry should establish and fund an independent trust to commission research into the prevention and treatment of problem gambling and to support treatment that does not engage the NHS.

### **Option 3 – adopt the recommendations in the Government’s response to the Joint Committee’s report**

1.30 The overall impact on gambling expenditure and employment under this option may be a slight reduction in the growth expected under Option 2, given the more stringent controls envisaged for casinos and some gaming machines. The Government believes that these will be outweighed by the social benefits that these changes will achieve.

### **Business sectors affected**

1.31 The business sectors affected will be all of those in the gambling industry – casinos, bingo clubs, gaming machine arcades, family entertainment centres, travelling showman fairs, gaming machine suppliers and manufacturers, other premises that have gaming machines (including pubs), bookmakers, racecourses, greyhound racing, lotteries and those conducting prize competitions and promotional draws including premium rate operators, proprietary and members’ clubs, remote gambling operators and specialists, and the leisure and tourist industries.

1.32 Charities and voluntary organisations could be affected, potentially, by the recommendations on societies' lotteries and, indirectly, also, by those recommendations that could have an impact on the amount of money available to good causes from the National Lottery.

## Costs

### Compliance costs

1.33 The compliance costs for gambling and betting have not been reviewed since the publication of the report of the Joint Committee.

### Option 1 - Retain the status quo (£7.1m)

1.34 The Gaming Board regulates casinos, bingo, gaming machines and the larger societies' lotteries in Great Britain. It is a non-departmental public body, funded by grant in aid. It issues certificates of approval for bingo clubs and casinos and fit and proper certificates for certain gambling employees and gaming machine suppliers. This, together with other regulatory costs incurred by the courts, the police and others is recouped from operators via licence fees and from those employees who require "fit and proper" certificates.

Local authorities:

- Issue permits for tracks that provide betting, arcades, family entertainment centres and other non liquor licence premises that have AWP gaming machines;
- Regulate greyhound track totes;
- Register pools operators and appoint an auditor to ensure the integrity of their pools. Audit fees are recoverable from the operator; and,
- Register the smaller societies' lotteries.

Magistrates<sup>2</sup> issue:

- Bookmakers permits and licenses for betting offices and agencies;
- Premises licences for casinos and bingo clubs;
- Register Clubs or institutions who wish to offer gambling or gaming machines to their members; and,
- Permits to other premises with an on-licence (e.g. pubs) that wish to operate gaming machines.

1.35 On-course bookmakers pay for the regulation and administration of their activities by the National Joint Pitch Council (NJPC).

1.36 Current regulatory costs, on an annualised basis, are summarise in the following table.

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<sup>2</sup> In Scotland, local Licensing Boards undertake licensing of gambling premises.

Current regulatory costs (2003/04)	Number	Estimated Annual Cost (£m)
Gaming Board, magistrates and police costs <sup>3</sup>	10,000 applications	4.7
<u>Local authority costs</u>		
Gaming machine arcades	2000	0.17
Gaming machines in pubs	60,000 pubs	0.64
Gaming machines in other locations with an on-licence	2,000 premises	0.02
Lotteries (registration fees)	40,000	1.00
Football Pools <sup>4</sup>	3	0.007
Tracks (greyhound and others)	180	0.44
Tracks (horse) <sup>5</sup>	60	0.06
Bookmakers permit and betting office licences <sup>6</sup>	1100 applications	0.049
Issued by magistrates	11,883 renewals	0.092
<b>Total</b>		<b>7.1</b>

### Option 2 – with all the Joint Committee’s recommendations accepted (£19.4 - £23.1m)

1.37 The Joint Committee was attracted to the idea that all betting, gaming and lotteries should be regulated by a new body, the Gambling Commission. However, it recommended, also, that the regulation of the National Lottery should be reviewed with a view to the Gambling Commission taking over the functions of the National Lotteries Commission.

#### Licensing

- Undertake enquiries as are necessary in order to reach decisions in connection with individual licence applications;
- Interview applicants for operator or personal licences where necessary in order to determine whether they meet the necessary requirements;
- Require the production of criminal records certificates from applicants for operator or personal licences;
- Receive information from criminal records disclosures;
- Exchange information, using statutory gateways, with law enforcement agencies and other regulatory bodies, including those in overseas jurisdictions;
- Make ad hoc criminal records checks in respect of licensed persons;
- Maintain a central database of licensed operators, personnel and premises;

<sup>3</sup> Annual figure based on the estimate of the number of licences for 2003/04. Gaming Board costs include certificates of consent issued by the Board to bingo clubs and National Game, casinos, certificates to specified staff employed in casinos and bingo halls, and to those who sell, supply or maintain gaming machines, lottery managers, and registration of certain societies’ lotteries. Costs include work undertaken by licensing justices in issuing premises licences and permits to bingo clubs, casinos and members clubs and police costs in attending hearings.

<sup>4</sup> Fees set by local authorities not to exceed £464. Figures includes costs of local authority accountancy services to the operator

<sup>5</sup> Includes estimated costs of Levy Board certificate of approval system.

<sup>6</sup> Figures based on DCMS Statistical Bulletin: Betting licensing June 2000 – May 2003

- Attach conditions to licences in respect of the conduct of particular types of gambling, or the conduct of licensed operators or persons, or the operation of particular types of gambling premises; and,
- Issue guidance to local authorities on minimum standards and mandatory requirements for individual categories of gambling premises, which local authorities will be required to take into account in determining applications for gambling premises licences or permits.

## **Enforcement**

1.38 The Commission will also:

- Have statutory powers of entry, seizure and search in connection with compliance monitoring and the investigation of breaches of gambling law;
- Investigate breaches of gambling laws and regulations, including allegations of illegal gambling activities, and initiate criminal proceedings; and,
- Consider administrative sanctions on licensed operators or persons in connection with breaches of licence conditions, to include cautions, licence endorsements, financial penalties and removal of licences.

1.39 The Commission will not be responsible for licensing premises. These will be decided locally with responsibility transferring from magistrates to local authorities.

1.40 The Commission will operate on a net running cost basis and those applying for licences and renewals would be charged a non-refundable application licence fee to cover the cost of their licence. Each sector would be self funded and licence fees would include a charge to cover administration and enforcement of the system, the investigation and prosecution of, for example, unlicensed trader and the cost of appeals. The Bill will enable the Commission to set fees more flexibly than at present. The Commission will be able to cover the costs of imposing financial penalties but the excess will be returned to the Treasury Consolidated Fund to avoid any perverse incentives.

## **Costs of licensing and regulation by the Gambling Commission**

1.41 If the Gambling Commission takes on the full range of responsibilities envisaged, the costs of regulating the industry, enforcing compliance and tackling illegal gambling could be in the range of [£10 – 13 million]. This assumes an increase in the number of casinos; no change in the total number of bingo clubs (c699); up to 50 machine manufacturers but little change in suppliers (c700 – 800); 700 society lotteries and their promoters to be registered; 4000 bookmakers and 8000 betting shops (with the personal certification of betting operators and specific categories of employee) and 30-50 licensed remote gambling operators.

## **Costs of licensing premises by the local authorities**

1.42 Local authorities will establish a committee to determine applications for premises licences. Local authority costs will be recouped from operators and licences will be valid for an indefinite period subject to the premises holder retaining a licence from the Gambling Commission and on payment of an annual fee. Local

authorities will be able to inspect premises and monitor compliance with the licence. A licence can be reviewed at any time if, for example, a complaint has been received that licence conditions have been breached.

1.43 The Commission and local authorities' regulatory roles will be separate but clearly they will need to share information about possible or actual infringements.

1.44 With increases in business as a result of the proposals in the draft Bill and with local authorities expected to adopt a more proactive enforcement role in support of the Commission, local authorities' costs will increase inevitably. However, there will be some offsetting savings through the transfer of responsibility for licensing greyhound tracks and pools companies to the Commission.

### **Appeal against licensing decisions**

1.45 The Bill will provide for a statutory right of appeal against licensing decisions by the Gambling Commission through a Gambling Appeals Tribunal and there will be a right of appeal against premises licensing decisions. Costs will depend on the complexity and length of individual cases. The costs of appeals to the Tribunal will be included in licence fees but parties to an appeal will be expected to meet their own direct costs unless they have legal assistance. This will be met by the Commission and funded through the fees it charges.

1.46 Administrative and hearing costs for premises appeals will fall to the Courts service in the normal way with parties to the appeals meeting their own costs.

1.47 At this stage there are no meaningful estimates of the likely number of appeals under the new arrangements for premises licensing. We will be working with the Gaming Board, local authorities and other stakeholders to see whether it is possible to get a clearer view of the potential increase in applications and, therefore, the number of consequential appeals.

### **Setting the fees**

1.48 Fees will be set and adjusted by the Government in secondary legislation. In Scotland, the Scottish Executive will set the fees for premises licences.

### **Criminal Records Bureau (CRB) checks by employers**

1.49 The CRB will carry out criminal records checks for individuals, for a fee, on application. Basic, standard and enhanced disclosure fees cost £29. On the assumption that 50% of staff not certified by the Gambling Commission will be required to obtain a CRB certificate, costs would be in the region of £1m per year (on an annualised basis). Additional administrative expenditure for employers will probably be in the region of half that amount.

### **Other Costs**

1.50 These are the same as for option 3.

1.51 Although costs will be significantly higher than at present, they will be directly proportionate to the work undertaken by the Commission in regulating the industry which is anticipated to be much larger and diverse than at present. It will

be important for the Commission to be adequately resourced to fulfil its regulatory functions to provide the confidence that the industry and public expect in the new laws.

<b>Estimated Regulatory costs for Option 2<sup>7</sup></b>	<b>(£m)</b>	
Gambling Commission	8.96	- 10.93
Local Authorities	9.10	- 10.4
Employers/employees costs for CRB checks	0.990	- 1.275
Appeals (Gambling Tribunal)	0.370	- 0.501
<b>Total</b>	<b>19.42</b>	<b>- 23.106</b>
<b>Net increase over current regulatory cost</b>	<b>12.32</b>	<b>- 16.006</b>
<b>Other costs</b>		
<ul style="list-style-type: none"> <li>• Voluntary contributions to the Responsibility in Gambling Trust</li> <li>• Potential reduction in income for good causes via the National Lottery</li> <li>• Possible costs for the NHS and law enforcement agencies</li> <li>• Gambling Commission costs of regular studies of problem and adolescent gambling prevalence</li> <li>• Costs of reviewing transfer of National Lottery and spread betting to Gambling Commission</li> </ul>		

### **Option 3 – adopt the recommendations set out in the Government’s response to the Joint Committee’s report**

1.52 The Government believes that it is prudent to take a more precautionary approach to the regulation of gambling than was recommended by the Joint Committee. In the case of casinos, greater restrictions on the installation of gaming machines are proposed. In the case of prevalence studies, it is proposed that the Gambling Commission should conduct them every three years instead of every five. In the case of bingo licences, the Government proposes to require pubs and clubs to seek an additional licence if prizes in any seven days exceed £1,000. In the case of Category D gambling machines the Government proposes to reduce the maximum non-cash prize to £5. It is expected that these changes will impact upon the workload of the Gambling Commission and local authorities compared with Option 2 but it has not been possible to assess how great this effect might be.

1.53 The Government believes that the regulatory costs for Option 3 will be similar to those for Option 2 but there has been insufficient time to calculate them for this Initial RIA. All the above costs will be reassessed fully and the results included in the full RIA that will accompany the Bill’s introduction.

### **Problem gambling**

1.54 The Joint Committee recommended that the Gambling Commission should publish a report on impact of the Gambling Act on problem gambling and on the effectiveness of the Responsibility in Gambling Trust three years after the Bill gains Royal Assent. It recommended, also, that prevalence studies should be conducted every five years thereafter. The Committee recommended that the numbers of gaming machines in resort casinos should be limited by means of a numerical cap in addition to a machine to table ratio. Finally, the Committee recommended that Category D machines should be available in licensed premises only.

<sup>7</sup> Costs do not include transitional costs – fees may contain an element of this in the early years of the Commission.

## **Policy implementation**

1.55 There will be a cost in finalising the legislation and in Parliamentary time.

## **Small Business**

1.56 Lower barriers to entry should limit the possibility of market dominance and monopoly profit taking. The Bill's proposals lower the barriers to entry to the UK gambling sector, by eliminating the demand test (for casinos, bingo clubs and licensed betting offices), liberalising operating restrictions and facilitating the establishment of on-line gambling sites in the UK. This should make it comparatively easier for competition to enter the sector.

1.57. The Small Business Service has been involved in the consultation process leading to the drafting of the Gambling Bill. Trade organisations that have both large and small operators as members, have been consulted in preparing the policy for the Bill. The Government's objectives, within the overall framework for effective regulation, will be to minimise any disproportionate impact on small business.

1.58 The Government has accepted the Joint Committee's recommendation that category D gaming machines should be restricted to licensed premises. Clearly, the removal of such machines from small unlicensed premises, such as mini-cab offices and chip-shops, will be an adverse impact on the businesses concerned. The Government will assess this impact in consultation with the industry and other stakeholders.

## **Competition Assessment**

1.59 It is expected that implementation of Option 3 will have a positive effect on competition within the gambling industry, in the main. The Bill will remove restrictions and statutory requirements for businesses that may currently act as barriers to entry. Whilst the Bill will create some additional compliance costs, these are not expected to have a significant impact on competition. A fuller analysis will be included in the full RIA that will accompany the Bill's introduction.

## **Enforcement and sanctions**

1.60 The Gambling Commission will ensure compliance and there will be an enforcement role for local authorities. There will also be scope for the use of new technology as a tool for compliance and enforcement. Software is available that could be used, for example, to monitor Internet sites and gaming machines.

1.61 Implementation of the Bill will facilitate better cross-agency working and sharing of information between law enforcement bodies such as HM Customs and Excise, the Financial Services Authority and others, which will help to combat crime.

1.62 The Bill contains a wide-ranging list of specific criminal offences and sanctions that will enable effective action to be taken against those who break the law. Operator and personal licences will be supported, as an alternative to criminal proceedings, by a flexible range of sanctions ranging from cautions and licence endorsements to financial penalties and withdrawal of licences.

## Monitoring and Review

1.63 The Gambling Commission will keep the operation of the new legislation under review and will monitor the social and economic impact of gambling, adjust regulations as necessary and advise the Government on the need for legislative changes. It will liaise and consult with stakeholder interests. An annual report of its activities will be published.

## Consultation

### Within government

Office of the Deputy Prime Minister	Local Authority Co-ordinators of Regulatory Services
HM Customs and Excise	Local Government Association
Home Office	National Criminal Intelligence Service
HM Treasury	National Lottery Commission
Department of Health	Gaming Board for Great Britain
Department for Education and Skills	Cabinet Office
Department for Constitutional Affairs	The Court Service
Department of Trade and Industry	Scottish Executive
	Office of Fair Trading

### Stakeholders & the public

1.63 There has been insufficient time to consult on the Government's response to the report of the Joint Committee. Nevertheless, in developing the Bill the Government consulted stakeholders and other members of the public and also took into account views expressed by respondents to a consultation paper *Government Consultation on the Law on Prize Competitions* published on 23 May 2002, the Culture Media and Sport Committee's report *The Government's Proposals for Gambling: Nothing to Lose* published in July 2002.

1.64 Meetings have been held with industry representatives and other stakeholders, including representatives of faiths, charitable organisations and children's welfare groups.

## Summary and recommendation

Option	Option1 Retaining the status quo	Option2 Implementing all the recommendations of the Joint Scrutiny Committee	Option 3 Implementing the Government's response to the Joint Scrutiny Committee's report
Total cost per annum	No additional costs	£19.4 – 23.1m	Similar to Option 2
Total benefit per annum	No additional benefits	<ul style="list-style-type: none"> <li>• Better regulation</li> <li>• More effective treatment and prevention of problem gambling</li> <li>• An efficient system of appeals against decisions from the Gambling Commission and local authorities</li> </ul>	The benefits are the same as in option 2 but the overall impact on gambling expenditure and employment under this option may be a slight reduction in the growth expected under Option 2 given the new regime for gaming machines and casinos. This is however outweighed by the social benefits that these changes will achieve.
Other costs		As in option 3	<ul style="list-style-type: none"> <li>• Voluntary contributions to the Gambling Industry Charitable Trust</li> <li>• Potential reduction in income for good causes via the National Lottery</li> <li>• Government costs in developing the Gambling Bill</li> <li>• Possible costs for the NHS and other law enforcement agencies</li> </ul>

1.65 **Option 1 & 2:** There will be no additional benefits other than those enjoyed as a result of current legislation if the status quo is retained and increasingly the regulation of new forms of gambling will be hampered. Although Option 2 will deliver the Government's stated objectives in reforming gambling laws it will risk social costs that the Government considers unreasonable.

1.66 **Option 3** is the Government's preferred option. It is likely to create a more open and competitive gambling sector and would deliver the objectives set by the Government in reviewing the gambling laws: to keep gambling crime free; to ensure a fair deal for the customer; and, to protect children and the vulnerable. It will enable a more rigorous system of regulation of the gambling and betting industry through a new Gambling Commission, with enhanced powers and procedures and, unlike now, regulating bookmaking and on-line and remote gambling. Although costs may be significantly higher than at present they will be directly proportionate to the work undertaken by the Commission in regulating the industry which, it is

anticipated, will be much larger and more diverse than at present. Option 3 provides, also, for a less substantial change in the gambling market, and will, consequently, ameliorate the risks of negative social costs.

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