 <b>Regulatory Policy Committee</b>	<b>Opinion</b>	
<b>Impact Assessment (IA)</b>	Gambling Act 2005: Triennial Review of Stakes and Prize Limits	
<b>Lead Department/Agency</b>	Department for Culture Media & Sport	
<b>Stage</b>	Final	
<b>IA number</b>	DCMS0054	
<b>Origin</b>	Domestic	
<b>Expected date of implementation (and SNR number)</b>	November 2013 (SNR No.6)	
<b>Date submitted to RPC</b>	18/09/2013	
<b>RPC Opinion date and reference</b>	26/09/2013	RPC13-DCMS-1459(3)
<b>Overall Assessment</b>	<b>GREEN</b>	
<p><b>RPC comments</b></p> <p>The IA is fit for purpose. The issues raised in our previous Opinion (09/08/2013) have now been addressed. In particular, the benefits to business are treated as direct and the IA explains more clearly the nature and impact of the proposals regarding the reintroduction of the triennial reviews. In addition, following further discussions with the RPC, the Department has made a number of improvements to the analysis, including accounting for trends in industry revenues within the baseline and adjusting the expected increase in industry revenue to take account of inflation and a decline in player interest.</p>		
<p><b>Background (extracts from IA)</b></p> <p><b>What is the problem under consideration? Why is government intervention necessary?</b></p> <p>The Government is committed to creating the conditions for growth by stimulating investment and ensuring the regulatory burden on business is the minimum needed to ensure adequate public protection. In response to concerns from the British gambling industry that some of its sectors are continuing to struggle in the current economic climate, the Government is acting to establish a more coherent and systematic approach to reviewing the regulatory controls on the maximum stake and prize limits permitted for gaming machines covered by the Gambling Act 2005. The vehicle for this change is the reintroduction of a triennial review.</p> <p><b>What are the policy objectives and the intended effects?</b></p> <p>Implement an approach to stake and prize regulation that will:</p> <ol style="list-style-type: none"> <li>1. Consider the relativities between different categories of gaming machine to ensure balanced competition across the gambling industry.</li> <li>2. Help to create the conditions to encourage the growth and development of the gaming machine market in order to support economic recovery and create jobs.</li> <li>3. To do so only to an extent consistent with player protection and minimisation of gambling related harm.</li> </ol>		
<p><b>Comments on the robustness of the OITO assessment</b></p>		

The IA says it is deregulatory proposal (an OUT) with an Equivalent Annual Net Cost to Business of -£34m as *“Increasing stake and prize limits liberalises the environment in which gaming businesses are allowed to operate. Whilst these increases are permissive rather than compulsory, it is highly likely that businesses will take advantage of this opportunity because it offers potential for increased profitability”* (Paragraph 130). This appears to provide a reasonable assessment and is consistent with the current Better Regulation Framework Manual (paragraph 1.9.11).

**Comments on the robustness of the Small & Micro Business Assessment (SMBA)**

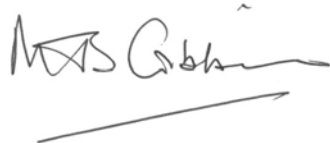
As the proposal would come into force before 1 April 2014 the SMBA is not applicable, although it is affected by the micro businesses moratorium. The IA says *“Micro businesses are included within the regulations.....because the legislation is permissive rather than compulsory; micro-businesses can effectively choose to “opt out” of the legislation and maintain their current portfolio of gaming machines. It is unlikely that these businesses would want to take this step given the clear business benefits that can potentially be realised under increased stake and prize limits.”* (Paragraph 132). This assessment appears reasonable based on the information presented.

**Quality of the analysis and evidence presented in the IA**

*Estimates and revenue.* The IA, as requested in the previous opinion, now provides a thorough discussion in support of the industry estimates and why this evidence combined with a couple of other sources is the best available. Furthermore, adjustments have been made to the estimated increase in revenue to account for inflation, reduced player interest and the possibility that the industry estimates are optimistic.

*Reintroduction of the triennial reviews.* Our previous Opinion (09/08/2013) said that the IA did *“not provide sufficient information on the design or nature of the proposed reviews or their expected impacts”*. The IA does now explain more clearly the expected nature and impact of these reviews, including robust mechanisms for systematic data collection and trialling new and enhanced harm mitigation measures.

**Signed**



**Michael Gibbons, Chairman**