

Customer Interaction

Gambling Commission

RPC rating: **validated**

The BIT assessment is now fit for purpose as a result of the department's response to the RPC's initial review notice. As first submitted, the assessment was not fit for purpose.

Description of proposal

The proposal amends the social responsibility provisions of Licence Conditions and Codes of Practice for gambling operators. The amendments clarify and alter requirements around interacting with those customers who may be exposed to or at risk of gambling-related harm (hereafter, "customer interactions"). The amendments:

- make explicit that operators must use all available sources of information in deciding whether customer interaction is necessary (code 3.4.1);
- introduce a requirement for operators to record when interaction is deemed necessary, but is ruled out for reasons such as safety (code 3.4.2); and
- introduce a monetary limit on the lottery ticket sales that will trigger customer interaction (code 3.4.3).

Impacts of proposal

Based on industry statistics, the regulator anticipates that codes 3.4.1 and 3.4.2 will affect 1,800 non-remote operators (betting agencies based in physical premises) and 90 remote operators (betting agencies based online). The introduction of code 3.4.3 will affect all 502 lottery licence holders in the UK.

The regulator anticipates that operators will only need to review the changes relevant to their licence type. The assessment assumes that one professional will be necessary to review changes. Using ONS figures for the uprated hourly wage, the regulator estimates familiarisation costs at £2,700 across all operators.

It is expected that there will also be transitional costs associated with amending training materials. This will affect all UK-based licence holders and is expected to require half an hour of a regional manager's time. At an adjusted hourly wage rate of £35.25, the regulator calculates this to be a one-off cost of £43,000.

Based on industry feedback, the regulator does not anticipate other significant costs to business.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This is a qualifying regulatory provision that will score under the 2015-17 Business Impact Target.

Quality of submission

As initially submitted for RPC scrutiny, the assessment was not considered fit for purpose as it did not fully describe the impacts of the proposal and did not provide sufficient reasoning for the decision not to monetise all compliance costs. The Gambling Commission have since provided consultation details behind cost assumptions and supplemented the description of the proposal.

The submission would be significantly improved by the provision of additional detail on the ongoing impacts for businesses, including:

- the level of non-compliance with code 3.4.1;
- the burden associated with recording customer interactions; and
- changes in requirements for lotteries associated with the introduction of a monetary threshold that will trigger intervention.

This detail could provide further evidence for the regulator's assessment, supported by industry, that costs or savings are insignificant.

The figure for the population of affected businesses used in the cost calculation differs from the number identified in the assessment as having been extracted from industry statistics. However, as this does not materially alter the estimated cost, the RPC can verify that the estimated annual net direct cost rounds to zero.

Departmental assessment

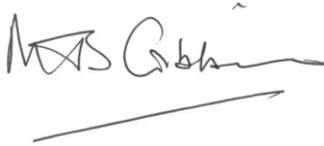
Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	Zero
Business net present value	Zero

RPC assessment

Classification	Qualifying Regulatory Provision (IN)
EANCB – RPC validated	Zero

Opinion: EANDCB validation IA
Origin: domestic
RPC reference number: RPC17-DCMS-GC-3765
Date of implementation: 8th May 2015

Business Impact Target (BIT) Score	Zero
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Michael Gibbons CBE, Chairman