

## Annual Assurance Statements

### Gambling Commission

RPC rating: **validated**

#### Description of proposal

In 2015 the Gambling Commission (GC) introduced an Annual Assurance Statement (AAS) process to obtain assurance from gambling operators that they “*actively embed the objectives of the Gambling Act 2005 and the Licence conditions and Codes of Practice (LCCP) into their business processes*”. The process requires operators to submit estimates of the proportion of their revenue from problem gamblers or those gamblers deemed “at risk”. Only businesses with a gross yield from gambling of over £25 million per annum are in scope of AAS.

#### Impacts of proposal

The regulator states that this affects 40 UK-based operating licence holders, including 25 non-remote operators (who provide premises-based gambling) and 15 remote operators (who operate through remote communications, normally via the internet).

The regulator assumes that one assurance professional per business will be required to read the document for familiarisation purposes. Applying standard assumptions about reading speeds and ASHE wage data, it estimates that familiarisation costs to be £130 across all businesses.

Based on discussions with industry stakeholders, the GC expects the drafting of AAS submissions to take 37 hours of a professional’s time per business. Submissions would then be signed off at board level. Based on feedback from operators, the regulator further assumes an average of 9 board members per business will spend 30 minutes each of their time on this process. Using ASHE salary data for professionals and business directors (£726 per week and £798 per week), the assessment estimates total recurring costs of £33,000 each year across all businesses.

The GC cites feedback from industry in support of its argument that all operators already have the required compliance staff, who require no additional training to fulfil AAS responsibilities. The regulator also anticipates indirect benefits for operators who would be able to use elements of their agreed AAS in the preparing annual

accounts to other bodies such as Companies House and HMRC, but does not estimate these.

## Quality of submission

The submission, together with a confidential supporting side-note, provides a proportionate assessment of the costs and benefits of the proposal with a good level of analysis in assessing the wider benefits of the regulation. Some of the evidence used in the cost calculation is exclusively contained in the supporting side-note.

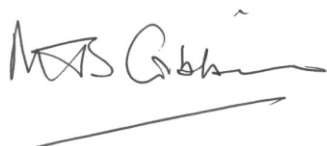
The assessment would have benefited from justifying the figures used in cost calculation more clearly and providing a rationale for the assumed average number of board members and time needed for them to sign off AAS submissions. However, given the size of the measure, the RPC is satisfied that the estimated cost to business rounds to zero.

## Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£0.0 million
Business net present value	-£0.27 million

## RPC assessment

Classification	Qualifying Regulatory Provision (IN)
EANCB – RPC validated <sup>1</sup>	Zero
Business Impact Target (BIT) Score <sup>1</sup>	Zero



**Michael Gibbons CBE**, Chairman

<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.