

The Prevention of Crime Related Measure

(Licence Condition 15.2.1)

Gambling Commission

RPC rating: validated

As a result of the regulator's response to the RPC's initial review notice, the BIT assessment has now been validated. As first submitted, the assessment was not fit for purpose.

Description of proposal

The Gambling Commission's Licence Condition and Codes of Practice (LCCP) sets out the licence conditions and codes of practice that apply to licensed operators. This proposal, an addition to licence condition 15.2.1 (19b), requires licensees to report their involvement in criminal investigations as an additional key event (defined as an event that could have a significant impact on the nature or structure of the operator's business).

The Commission does not consider it to be necessary or proportionate for operators to report every incident of crime, for example, if they are minor and/or unrelated to the protection of the consumer or the licensee's integrity. However, the Commission does require information about criminal investigations, to ensure that both the Gambling Commission and licensees work effectively to keep crime out of gambling. This licence condition serves to raise standards across the industry.

Impacts of proposal

The operating licences in scope are betting (831), casinos (53), bingo (199), large society lotteries (509), gaming machine technical operating licences (523), gambling software operating licences (41) and 90 other remote gambling operators.

The regulator considers the costs to industry for implementing this measure to be minimal. It argues that operators already have procedures in place to report key events. Thus, there is no need for operators to put new reporting systems in place, though they would need to update internal policies and guidance to reflect the addition of a new key event.

Moreover, evidence provided by the regulator suggests that these instances do not occur often. There were only 16 key events relating to the additional licence condition between April 2016 and October 2017.

All of the 2,888 operators, whose licence conditions and codes of practice have been changed as a result of the measure, will incur familiarisation costs. Assuming that the changes to guidance were read and understood by a professional individual, at a reading pace of 130 words per minute, the regulator estimates the one-off familiarisation cost for the change at £943.

The regulator considers the burden on industry overall to be minimal and the outcome of the EANDCB to be zero.

Quality of submission

The assessment was initially issued with an Initial Review Notice (IRN), as the regulator did not provide sufficient evidence supporting its claims that the impacts of amendments to licence condition 5.1.1 and 15.2.1 were minimal.

The amendments to licence conditions 5.1.1 and 5.1.2, have been excluded from the resubmission after discussion with the RPC. The regulator has explained that these are now included in the Gambling Commission's NQRP report, as they are considered to be clarifications of existing requirements that do not place any additional regulatory burden on business

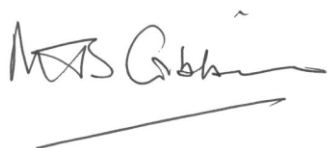
The RPC is satisfied that the evidence on the impact of the changes to licence condition 15.2.1 (19b) is sufficient and proportionate to justify the zero EANDCB value. The regulator has shown in the resubmission that the number of key events relevant to 15.2.1 (19b) is so low that any reasonable assumption as to unit costs would result in a zero EANDCB. The RPC is therefore content to validate the EANDCB. However, the BIT assessment would have been improved if the regulator had provided evidence to support its assertion that "there was no need for any operators to put new technical systems in place. [Operators] would just have to update their internal policies to reflect that this was now an issue they need to report on."

Departmental assessment

Classification	Qualifying Regulatory Provision (IN)
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Not provided

RPC assessment

Classification	Qualifying Regulatory Provision (IN)
EANCB – RPC validated ¹	Zero
Small and micro business assessment	Not required



Michael Gibbons CBE, Chairman

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