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## **Social responsibility code provision 3.7.2 - Provision of credit**

### **Gambling Commission**

**RPC rating: validated**

#### **Description of proposal**

The conduct of gambling operators is governed by Licence Conditions and Codes of Practice (LCCP). These contain two types of code provision: social responsibility code provisions (SRCPs), compliance with which is a condition of licences; and ordinary code provisions (OCPs), which allow operators to adopt alternative approaches if they have actively taken account of the OCP and can demonstrate that the alternative is reasonable in the operator's particular circumstances and similarly effective. This measure replaces a pre-existing OCP relating to the provision of credit by gambling operators with a social responsibility code provision (SRCP). In effect, this tightens enforcement by allowing regulatory authorities to take proportionate and appropriate action where gambling operators are found to be providing credit in a socially irresponsible manner.

#### **Impacts of proposal**

The scope of the SRCP will remain the same as the OCP; it applies to all holders of: non-remote betting operating licences; pool betting operating licences; and remote operating licences with the exception of gaming machine, software and ancillary operating licences. The SRCP currently applies to 415 operators.

The operators in scope are expected to familiarise themselves with the changes to their licence conditions. The Gambling Commission provides operators with tailored notifications, which direct them towards relevant changes to licence conditions, thus minimising familiarisation costs. The BIT assessment demonstrates that the cost of familiarisation is expected to amount to around £300 across all affected operators.

Following an initial review notice from the RPC, the BIT assessment now explains that, whilst OCPs are technically not mandatory, any violation must be brought to the attention of the Gambling Commission, as it calls into question the operator's suitability to hold a licence. As there have previously been high levels of compliance with the OCP, it is assumed that there will be no additional burden to compliant businesses. This is because the change in provision will only affect the way in which the requirements are enforced, and not the requirements themselves.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision that will score under the business impact target.

### Quality of submission

Following an initial review notice from the RPC, the BIT assessment now contains sufficient evidence to justify the assumption of previous full compliance with the OCP. The RPC is now able to validate the EANDCB figure.

Although this is not compulsory at validation stage, the BIT assessment would also benefit from explaining the rationale of the measure. It is not clear why the provision has been transformed into a SRCP, given that there was already near-full compliance with the OCP. Furthermore, though there were not many operators that complied with the OCP using an alternative approach, any cost to these operators arising from the change in licence conditions should have been discussed in the BIT assessment. As there are thought to be very few operators that were compliant with the OCP using an alternative approach, the RPC accepts that this is unlikely to have affected the EANDCB figure.

### Departmental assessment

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

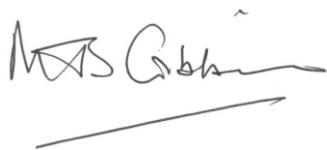
### RPC assessment

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated <sup>1</sup>	Zero
Business Impact Target (BIT) Score <sup>1</sup>	Zero
Small and micro business assessment	Not required (fast track low-cost regulation)

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

Opinion: EANDCB validation BIT assessment  
Origin: domestic  
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Date of implementation: 08/05/2015

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**Michael Gibbons CBE**, Chairman