
Assessing local risk
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 measure implements licence conditions 10.1.1 and 10.1.2, which applies to all licenced gambling operators in the UK. The conditions require licensees to assess local risks regarding children, young people, and those who are vulnerable, and to include this assessment when submitting a licence application.

The BIT assessment explains that the licence conditions are intended to increase risk awareness and that operators were already obliged to take action towards mitigating any identified risks under the pre-existing regulatory framework.

Impacts of proposal

The submission, together with a confidential supporting side-note, provides a proportionate assessment of the costs and benefits of the proposal. Some of the evidence used in the cost calculation is exclusively contained in the supporting side-note and, due to its confidentiality, cannot be reproduced in this opinion.

There are around 11,000 licensed gambling operators in the UK who are in scope of these licence conditions.

Compliance costs

The cost of compliance will occur in the following forms:

- Planning a methodology for the assessment
- Completing the first risk assessment
- Subsequent re-assessments, based on changes in risk factors in the vicinity.

These have been monetised in the confidential side note.

Based on information from the confidential side-note, the regulator estimates that the cost to industry will be approximately £1.5 million in the first year to complete the local risk assessments. The regulator estimate on-going reviews to cost a total of £28,000 a year for all operators in scope.

Familiarisation costs

Each operator is expected to familiarise itself with the requirements. The Gambling Commission provides operators with tailored notifications, which will direct them towards relevant changes to the licence conditions. This is intended to minimise familiarisation costs. The BIT assessment estimates that this one off familiarisation cost is expected to be around £900,1 for affected operators.

Sharing the risk assessment costs (Licence condition 10.1.2)

This licence condition requires the risk assessment to be shared with the local licensing authority. If the operator intends to submit these documents electronically, then there is no additional cost to attach the local risk assessment to the email. In the unlikely event that the operator chooses to post the local risk assessment separately, this will cost approximately £400 per year.

Quality of submission

The RPC is content that the regulator has sufficiently addressed each of the points raised in the initial review notice (IRN).

In the IRN, the RPC raised two red points. Firstly, the BIT assessment failed to reference the confidential side note; and secondly, the regulator did not consider the cost of sharing the risk assessment. Both these issues have now been corrected in the resubmission.

The regulator has also addressed each of the 'areas for improvement' in the IRN. They have clarified the types of risks that the operators are assessing at the beginning of the BIT assessment. The regulator has also recognised that "there are economies of scale for larger operators who have created a methodology which they have then applied across their entire estate..

Finally, the regulator has explicitly stated in their resubmission that the costs of mitigation has not been included in the EANDCB calculations as "in order for the operator to be compliant with existing licence conditions and codes of practice...they should already have had measures in place to mitigate risk at each premise."

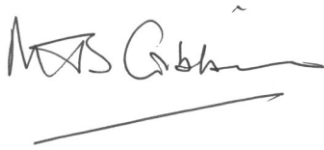
Overall, the RPC views this to be a sufficient and proportionate assessment of the impact of the policy.

Departmental assessment

| Classification | Qualifying Regulatory Provision (IN) |
|--|--------------------------------------|
| Net Present Value | -£ 1.75 million |
| Business Net Present Value (£m) | -£ 1.75 million |
| Equivalent annual net cost to business (EANCB) | £ 0.2 million |

RPC assessment

| Classification | Qualifying Regulatory Provision (IN) |
|------------------------------------|--------------------------------------|
| EANCB – RPC validated ¹ | £ 0.2 million |



Michael Gibbons CBE, Chairman

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