

Testing strategy for compliance with remote gambling Gambling Commission

RPC rating: **validated**

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

Description of proposal

The primary effect of the measure is to reform the process through which the Gambling Commission tests updates to games provided by remote gambling operators. In addition to (minor) changes to the testing strategy, the measure also involves scrutiny of "Return to Player" rates advertised by remote gambling operators and scrutiny of changes to the platform(s) on which they host their games. The net effect is expected to be beneficial to operators, as the new testing strategy aims to provide a more proportionate approach to testing minor updates to games.

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.

The measure affects the 18 gambling operators with products that require external testing.

They are expected to familiarise themselves with the changes. The Gambling Commission provides operators with tailored notifications, which direct them towards specifically relevant changes to licence conditions. This is intended to minimise familiarisation costs. The BIT assessment estimates that this familiarisation is expected to cost a total of around £100 across all affected operators.

Overall, the measure is expected to be beneficial and the BIT assessment states that *"...those in scope consider the introduction of an annual games testing audit to be preferable to the need to frequently retest minor updates prior to release."* The Gambling Commission explains that the new strategy enables operators to:

- release minor updates without the need for third party testing;
- reduce the time between development and release of minor updates; and

- streamline internal processes by allowing operators to “batch” minor updates for the purposes of a single annual audit.

The size of these benefits has been provided in the confidential side note.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of -£0.4 million. This will be a qualifying regulatory provision that will score under the business impact target.

Quality of submission

The RPC is able to validate the EANDCB of the measure, due to the information provided in the confidential side note. However, the BIT assessment itself contains almost no information on the business impacts. The assessment would benefit from including a high level information on the impact to business, such as the aggregated benefits. Furthermore, the BIT assessment should, at a minimum, reference the confidential side note, so that the reader is aware of its existence.

Departmental assessment

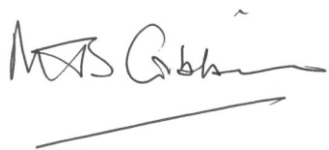
Classification	Qualifying regulatory provision
Equivalent annual net direct cost to business (EANDCB)	Not provided (initial estimate) -£0.4 million (final estimate)
Business net present value	£3.26 million
Societal net present value	£3.26 million

RPC assessment

Classification	Qualifying regulatory provision
EANDCB – RPC validated ¹	-£0.4 million
Business Impact Target (BIT) Score ¹	-£2.0 million
RPC rating (of initial submission)	Not fit for purpose

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

Opinion: EANDCB validation stage BIT assessment
Origin: domestic
RPC reference number: RPC-DCMS-GC-3654(1)
Date of implementation: 1st September 2016



Michael Gibbons CBE, Chairman