

Gaming machine allocation in casinos

Lead department	Department for Culture, Media and Sport
Summary of proposal	The proposal is to introduce an optional regime for gambling machines in casinos originally licensed under the Gambling Act 1968. The regime will introduce new rules regarding the number of Category B gambling machines allowed in casinos.
Submission type	Impact assessment – 1 April 2025
Legislation type	Secondary legislation
Implementation date	Summer 2025
Policy stage	Final
RPC reference	RPC-DCMS-5344(2)
Opinion type	Formal
Date of issue	11 April 2025

RPC opinion

Rating¹	RPC opinion
Fit for purpose	<p>The IA provides a sufficient level of assessment of direct impacts on business and monetises these where possible.</p> <p>On other areas the IA should provide a more robust balanced assessment of societal costs because of increased gambling harm, as well as providing more narrative on international evidence. Given the reliance on findings from consultation, the IA should provide more detail on the characteristics of consultation respondents. There needs to be more explanation on local authority enforcement given fees will not now be increased.</p> <p>The Department reasonably explains why exemption for small, micro and medium-sized businesses would not be appropriate, due to the permissive nature of the regulation.</p>

¹ The RPC opinion rating is based only on the robustness of the EANDCB and quality of the SaMBA, as set out in the [Better Regulation Framework](#). RPC ratings are fit for purpose or not fit for purpose.

Business impact assessment

	Department assessment	RPC validated
Classification	Qualifying regulatory provision (OUT)	Qualifying regulatory provision (OUT)
Equivalent annual net direct cost to business (EANDCB)	-£31 million	-£31 million <i>(2025 prices, 2025 pv)</i>
Business net present value	£271 million	
Overall net present value	£271 million	

RPC summary

Category	Quality ²	RPC comments
EANDCB	Green	The IA identifies permissive direct impacts on business and monetises them. The IA outlines assumptions to estimate behavioural responses of businesses, and evidence underpinning them. The estimates rely upon consultation responses; the IA should provide detail on the type of respondents.
Small and micro business assessment (SaMBA)	Green	The Department appropriately argues against exemption for small, micro and medium-sized businesses due to the permissive nature of the regulation. The IA explains costs increase with business size, and there are minimal fixed costs.
Rationale and options	Weak	The IA outlines inconsistency of existing regulation, increasing competition from online gaming and international jurisdictions. The IA needs more on gambling restrictions in other countries, and the interaction between the proposal and regulation in the online sector. The IA considers two options, how they were arrived at, and notes discounted options considered at consultation.
Cost-benefit analysis	Weak	The analysis is based on consultation findings where strengthening is required, alongside justification to support assumptions based on consultation responses. The IA sets out the method for costs and benefits, and usefully provides sensitivity analysis to demonstrate the additional number of machines casinos would have to install, for benefits to exceed costs. The main unquantified impact is increased risk of gambling harm; this requires more robust assessment, including international evidence, and more explanation on enforcement given fees will not now be increased.
Wider impacts	Satisfactory	The IA provides sufficient discussion on competition, international trade and equalities impacts. The IA would benefit from more discussion of innovation and more evidence to assess trade and equalities impacts, including differential regional impacts.
Monitoring and evaluation plan	Satisfactory	The Department commits to a review within 4 years of implementation. The IA helpfully sets out research questions, underpinned by a theory of change model, high-level timeframes, and potential metrics and what they will capture. With the Gambling Commission, the Department will collect data to provide an evaluation. Regional data should be collected to ensure impact on deprived areas is considered.

² The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. The definitions of the RPC quality ratings can be accessed [here](#).

Summary of proposal

The proposal is to introduce a new regulatory regime for gambling machines in casinos. Currently, casinos licences originate from two legislative regimes: the Gaming Act 1968 and the Gambling Act 2005. The volume of gaming machines is dependent on the type of casino licence an operator holds. The 2023 Gambling White Paper set out the government's intention to bring the two existing regimes closer together, including with similar restrictions on machine numbers proportionate to size, non-gambling space and table games.

The IA considers the following options:

- **Option 0:** Do nothing.
- **Option 1:** Preferred. Implement an optional regime governing gaming machines for casinos originally licensed under the Gaming Act 1968. This includes:
 - An increase in the maximum number of Category B gaming machines permitted from 20 to 80 per premises licence.
 - A sliding scale to apply for gaming machine allowances, commensurate with factors including the size of the gambling and non-gambling areas.
 - A limit of 80 Category B gaming machines per location regardless of the number of premises licences held.
 - A maximum machine-to-table ratio of 5:1.
 - A minimum table gaming area requirement.
- The following adjustments to 2005 Act casinos:
 - Change the maximum permitted machine-to-table ratio from 2:1 to 5:1.
 - Reduction in the minimum required table gaming area from 500sqm to 250sqm.

Costs to business include familiarisation costs, and the costs of purchasing and implementing additional gaming machines. Benefits to business are increased gross gambling yield (GGY) for casinos and unquantified benefits to gaming machine suppliers and manufacturers.

The Department estimates the preferred option to have an EANDCB of -£31 million. The EANDCB is estimated as the increase in GGY from moving to the new regime minus the implementation costs. The total benefit to business over the ten-year appraisal period is estimated to be £271 million. As the Department does not quantify the societal impacts, the total NPSV is also estimated to be £271 million.

EANDCB

Data and evidence

The IA draws on data and evidence from the Gambling Commission (GC) as well as responses to the 2023 consultation to estimate the cost to business. To estimate the behavioural response of casino operators the Department relies heavily on the consultation responses which the IA clearly outlines. The IA helpfully splits out the respondents to the survey by type, for example, casino operators and local government. The IA explains that there are currently only 47 licenced operators and the consultation received only 5 responses from casino operators, with a further response from the sector's trade association. While this sample may be broadly representative, the IA would benefit from justification as to why it is representative of the sector. For example, the IA would benefit from describing the characteristics of the operators that responded to the consultation, such as their size or market share, to demonstrate how representative of the sector they are.

Assumptions

The IA helpfully outlines key modelling assumptions to estimate the behavioural impact and the evidence underpinning these assumptions (see Table 15). These assumptions are reliant on the consultation responses which would benefit from further descriptive statistics. Some assumptions would benefit from further justification in the absence of evidence. For example, the Department assumes casinos which do not take up the full number of machines they are entitled to under the new regime, will take up 50 per cent of the additional entitlement. The IA notes there is no evidence they could obtain to support this assumption, so sensibly conducts sensitivity analysis. The IA would benefit from considering framing this assumption within the existing behaviour of operators. For example, the IA would benefit from stating the current average entitlement take up of casinos operating below the maximum and consider applying this proportion to the new entitlement.

Given the IA is heavily dependent on consultation responses, the IA would benefit from further sensitivity analysis around key assumptions. For example, the Department assumes 85 per cent of casinos will move to the new regime. Whilst this is consistent with the proportion of casinos currently operating at their maximum entitlement (see Table 15), the IA would benefit from providing a lower and upper bound estimate. The Department's assumption around the increase in GGY because of the increased number of machines, is also dependent on stakeholder views gained at consultation stage. Given the impact on demand for machine gambling is uncertain, the IA would benefit from considering a wider range in estimates or conducting breakeven analysis.

Direct/indirect impacts

The Department appropriately identifies the main impacts of the proposal, which is permissive legislation and casino operators can therefore decide whether they move to the new regime. From engagement with stakeholders, the IA states that the existing regulations are preventing some casinos from installing more Category B

machines. The Department therefore estimates the direct benefit of the proposal as the increase in GGY minus the implementation costs. The RPC accepts that the Department's treatment of these impacts as direct is in line with RPC guidance on permissive legislation.³

Missing impacts

Whilst likely to be small, the IA would benefit from considering whether there are other costs associated with switching to the new regime, for example, administrative/staff costs related to applying for the operating licence.

The IA considers the indirect cost of increased monitoring and enforcement passed through by licencing authorities and states this will be covered by casinos annual fees. The IA would benefit from discussing whether there would be increased costs to compliant businesses from any increased enforcement, such as hosting inspections, over and above those currently in place. Similarly, the IA would benefit from considering whether operators will face an additional cost of increased monitoring players for safeguarding.

Counterfactual/baseline

The IA draws on recent trends in GGY from gaming machines to construct the counterfactual for measuring the impact of the proposal. In the absence of the intervention the Department assumes a year-on-year increase in GGY of 0.1 per cent based on the CG's Industry Statistics. This counterfactual approach appears to be reasonable. The IA could also benefit from conducting sensitivity analysis around the baseline assumption.

³ See RPC guidance on permissive legislation [here](#).

SaMBA

The Department explains why exemption for small, micro and medium sized businesses would be inappropriate. As this is a permissive and deregulatory measure, the proposal is likely to be beneficial to small, micro and medium businesses as they will only choose to invest in additional machine where the benefit of doing so exceeds the cost.

The IA notes that accurate data on casino operators by size is not readily available. In the absence of this data, the Department uses GC licence data as a proxy and identifies that most operators are medium or large sized businesses. The IA notes that operators are less likely to be small and micro due to the amount of capital and numbers of staff they need to operate.

Given the largest cost to business is the costs of purchasing and installing new gaming machines, which is linked to the overall size of casinos, the IA explains this cost is likely to increase with the size of the business. Similarly, the benefits of the new regime are likely to be larger for larger operators as they are more likely to have the physical space and financial ability to invest in new machines.

The permissive nature of the proposal means it will not impose a disproportionate implementation cost on small, micro or medium businesses. The IA does recognise that fixed costs, specifically familiarisation costs, will be the same regardless of the size of operator, however, it argues these are estimated to be small even for smaller operators (£334 per business).

Rationale and options

Rationale

The IA outlines the current regulatory landscape for gaming machines in casinos and the problems with existing arrangements. The Department explains that existing regulation results in a lack of consistency for operators across different casino licensing regimes, as well as an imbalance when compared with online and international jurisdictions. Several claims appear to be based on anecdotal evidence from stakeholders and therefore the IA needs to provide further context and evidence to support its claims. For example, the IA explains the proposal is intended to address customers who currently cannot get a slot machine at busy times in casinos to aid casinos with the overall decrease in demand. The IA notes the decrease in demand could be due to other factors such as temporary casino closures due to Covid and a change in consumers preferences. The IA should explore these alternative explanations further as the proposal does not address them. The IA would benefit from a clearer description of what it defines as “gambling” when it states that 27% of adults participate in gambling, as this could, for example, include the lottery, repeat lottery games, or annual racing events, which could mispresent what may be associated with “gambling”.

The IA should provide further justification for the current lack of demand for casino licences and why this is expected not to be an issue under the proposed regime. Table 4 shows there are number of licences which have not taken up, which implies a lack of demand. The IA notes anecdotal evidence from casino operators suggests current licences are unattractive for several reasons including the tight restrictions on table-to-machine ratios. However, the IA would benefit from further justification for the small take up in licences.

The IA outlines gaming machine limits in other European countries. The IA should provide further context around gambling restrictions in other countries and how closely comparable they are to the UK. For example, whilst a country may have a higher limit on the number of machines, it may have tighter restrictions on the number of casinos. The IA notes there is limited evidence available on the impact of these limits upon gambling related harm. However, the IA needs to draw more on international evidence where possible, especially with respect to Australia which has introduced new machine gambling regulations in recent years.

The IA would benefit from drawing on findings from the Gambling White Paper and the consultation to strengthen the rationale. The rationale for intervention would also be strengthened by drawing on evaluations or post-implementation reviews of existing gambling acts.

Since the Gambling White Paper has introduced measures to the land-based and online sector, the IA would benefit from discussing the interaction between these measures and how regulation introduced in the online sector will impact land-based machine gambling. The IA would benefit from discussing further how the proposal remains consistent with the overarching policy objective of reducing gambling harm.

Options

The IA explains how a long list of three options were appraised against Critical Success Factors (CSFs) to arrive at the preferred option taken forward to consultation. Whilst they do not appear unreasonable, the IA would benefit from explaining how they compare to those in the Green Book and justifying the differences. Alongside the appraisal of the options, the IA helpfully explains why options were discounted in favour of the preferred option.

Cost-benefit analysis

Evidence and data

The Department conducted a consultation alongside a specific data request to casinos and gaming machine manufacturers to form the evidence base for the IA. Several assumptions appear based on evidence obtained at consultation from a limited number of respondents and therefore the IA should provide further context and evidence to support these assumptions. The IA would also benefit from substantiating several of the statements made to support the cost-benefit analysis, even if not monetised. For example, the IA notes that the measure will likely lead to higher employment in the sector and it expects the increase in consumer expenditure to happen safely for the most part and to increase the utility of consumers overall.

Modelling

The IA clearly sets out the methodology and calculations underpinning the costs and benefits for the proposal and correctly applies Green Book appraisal principles. Where monetisation is not possible, the IA provides a qualitative description of the impacts.

As enabling an equitable regulatory approach between the land-based and online sectors is one of the policy objectives, the IA could be strengthened by considering the impact of the proposal on the online sector. For example, the IA could assess the impact of increased demand for land-based casino games on demand for online substitutes.

Uncertainty, risks and assumptions

The IA is generally transparent about key risks and assumptions underpinning the modelling. Given the behavioural response of operators is uncertain, the IA helpfully provides sensitivity analysis to demonstrate the additional number of machines casinos would have to install for the increase in GGY to offset the costs. From this, the Department estimates that, in the worst-case scenario, fewer than 4 additional machines would be needed. Given findings from the consultation, the Department believes the actual increase in machines will exceed this. However, the IA relies on estimates from only two casinos to inform the assumption used in the modelling that CGY per additional machine will be between 30-60 per cent of current CGY per machine in the first year they are installed.

The Department recognises that an important potential unintended consequence of the proposal is increased gambling harm. Given this risk is uncertain and unquantifiable, the IA draws on the existing evidence base on gambling-related harm to provide an indication of potential impacts. The IA notes there is inconclusive evidence on the causal link between increasing the number of gaming machines and gambling harm, however, it also recognises that the problem gambling rate increases with the number of activities played. The IA would benefit from drawing on more evidence to assess the scale and likelihood of the impact, for example, international studies. The assessment should explore the potential for break-even analysis, informed by the estimates of the cost of gambling-related harm presented.

The IA explains the Department's intention to monitor the risk to gambling harm, however, this would benefit from detail in the monitoring and evaluation plan. Given consultation respondents found current player protections are insufficient, the IA would benefit from providing detail on how the Department intends to mitigate this risk such as encouraging operators to adopt the measures outlined in the IA. The Department should explain how local authorities can effectively carry out enforcement duties with the increase in machines, now there is no increase in fees, which cover local authorities' costs. An early version of the IA noted funding levels were insufficient to cover the regulatory work local authorities would carry out, and increased funding would allow proactive regulatory work and engagement with licensed premises. Given the increase in gaming machines, the Department needs to address this issue of local authorities' enforcement costs, given the potential harms associated.

Wider impacts

The IA provides a sufficient discussion on a range of wider impacts including competition, international trade and equalities. However, the IA would generally benefit from further discussion and evidence.

Competition

The Department states that competition impacts are subject to the constraints operators may face which decide whether they take advantage of the new regime. For example, smaller casinos may be less able to take on the initial upfront cost of investing in new machines which could therefore put them at a comparative disadvantage compared to larger operators. However, the Department argues these costs are expected to be minimal compared to casinos revenue. The IA would benefit from further considering competition impacts in relation to the online sector.

Innovation

The Department notes there could be positive innovation impacts because of increased demand. However, the IA does not explain what these impacts could be and would benefit from a more complete assessment of these potential impacts.

International trade

The IA would benefit from including data, on the number of UK casinos currently run by overseas businesses and assessing the likelihood of this increasing. The IA would benefit from drawing on international evidence, for example, gambling restrictions in other jurisdictions and how closely comparable they are to the UK (see rationale section above).

Equalities impacts

Whilst the IA does consider potential equalities impacts with respects to groups of people more at risk of gambling harm, the IA would benefit from discussion including how these risks may be mitigated and monitored (see monitoring and evaluation below). The IA would benefit from drawing on existing research on the relationship between gambling machine density and socio-economic deprivation as this was identified in the consultation.

Monitoring and evaluation plan

The Department has made a commitment to undertake a post-implementation review (PIR) within 4 years of implementation. The IA helpfully outlines a theory of change model demonstrating the expected outputs and outcomes of the intervention. The IA outlines key research questions the evaluation of the proposal will attempt to answer, as well as potential metrics that will be used. The IA states the intention to use a combination of existing data published by the GC, as well as working with the GC and other stakeholders to collect data to fill evidence gaps. The Department provides a high-level timeline for monitoring and evaluation activities and explains they and the GC procured a supplier to deliver a monitoring and evaluation plan for the Gambling Act Review. The IA would benefit from discussing the evaluation methodology in more detail.

Whilst the Department has considered the impact on gambling related harm within the M&E plan, given this is an important unintended consequence of the proposal, the IA would benefit from providing detail on how this risk will be monitored especially in relation to those more at risk of gambling related harm. Given there is evidence that high gaming machine density is found in areas of socio-economic deprivation, the Department should consider collecting data at the regional level to assess whether the proposal impacts these areas more significantly.

Regulatory Policy Committee

For further information, please contact enquiries@rpc.gov.uk. Follow us on Twitter [@RPC_Gov_UK](https://twitter.com/RPC_Gov_UK), [LinkedIn](#) or consult our website www.gov.uk/rpc. To keep informed and hear our views on live regulatory issues, subscribe to our [blog](#).