

EXECUTIVE NOTE

The Gaming Act (Variation of Fees) (Scotland) Order 2006 (SSI 2006/249)

The above instrument, which extends to Scotland only, was made in exercise of the powers conferred by section 48(5) of the Gaming Act 1968. The instrument is subject to the negative resolution procedure.

Policy Objectives

Until it is repealed by the Gambling Act 2005, the Gaming Act 1968 still provides for the regulation of the gambling industry in Britain and the setting of certain fees. The Gambling Commission (which took over the functions of the Gaming Board for Great Britain from 1 October 2005) is required to review annually the fees to be charged for various licences, registrations, certificates and consents. The Gambling Commission suggests to the UK Government the percentage changes that should apply to the relevant fees to cover the costs of administering the statutory controls.

Gambling is largely reserved to the UK Parliament but the grant, renewal and transfer of casino and bingo premises licences are administered in Scotland by local Licensing Boards. The power to vary those licence fees is devolved to the Scottish Ministers by virtue of the Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc) Order 1999 (S.I.1999/1750).

The purpose of this instrument is to increase the level of fees payable to Scottish Licensing Boards in line with those in England and Wales as recommended by the Gambling Commission.

Financial Effects

The revised fees are intended to meet the whole cost of the licensing and administrative work carried out by Licensing Boards and the effect should therefore be neutral. The instrument has no financial effects on the Scottish Executive, local government or on business generally. There will be financial implications for casino and bingo club owners who will have to meet the costs of the increased fees. The fees are set at levels only to meet the costs of administering and regulating the relevant sectors, and represent a very small proportion of business costs.

A Regulatory Impact Assessment has been prepared and this is attached.

Scottish Executive Finance and Central Services Department
May 2006

REGULATORY IMPACT ASSESSMENT

Title of proposal

1. The proposal is for a Scottish Statutory Instrument (SSI) entitled “The Gaming Act (Variation of Fees) (Scotland) Order 2006”.

Purpose and intended effect - (i) Objective

2. To increase the fees in Scotland for the renewal and transfer of casino and bingo club premises licenses in line with the recommendations of the Gambling Commission. The SSI will come into force on 1 June 2006.

(ii) Background

3. Until it is repealed by the Gambling Act 2005, the Gaming Act 1968 still provides for the regulation of the gambling industry in Britain and the setting of certain fees. The Gambling Commission (which took over the functions of the Gaming Board for Great Britain from 1 October 2005) is required to review the fees to be charged for various licences, registrations, certificates and consents. The Commission then makes recommendations to the Department for Culture, Media and Sport (DCMS) – the lead Department responsible for gambling policy - to reflect predicted changes in costs and demand.

4. Gambling is largely reserved to the UK Parliament but licences for the grant, renewal and transfer of a casino/bingo premises licence are administered in Scotland by local Licensing Boards. The power to vary those licence fees is devolved to the Scottish Ministers by virtue of the Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc) Order 1999.

5. The Gambling Commission has proposed 10% increases on casino/bingo premises licence renewals, and 4% and 6% respectively on casino/bingo licence transfers to achieve overall cost-recovery. However, the Commission does not consider that any change is needed to the fee for the granting of initial casino/bingo licences. The Commission’s recommendations for 2006-07 have been accepted as reasonable and approved by DCMS Ministers.

(iii) Rationale for Government intervention

6. The aim in setting these fees is to ensure that the cost of administering the process of licensing gambling premises is met from the fees charged. If the fees were not increased, the actual costs to Licensing Boards in Scotland would not be met by the fees charged and administrative costs of regulation would need to be subsidised from other areas. This is contrary to Treasury guidance and the recommendations of the National Audit Office (NAO), which were endorsed by the Public Accounts Committee.

Consultation

7. DCMS, the Gambling Commission and the Executive’s Improving Regulation Division have been consulted. The Commission is responsible for reviewing all gambling fees annually and is considered by the UK Government, to whom they report, to be best

placed to estimate the costs of administering the licensing process. The process ensures that those involved in organising gambling are fit and proper to do so, and that gambling is kept free from crime, is run fairly and in accordance with the law. DCMS Ministers have accepted the Commission's proposals as reasonable and implemented them with effect from 1 April 2006.

Options

8. We consider the options are:

8.1 Option 1 – make no changes to the current fees.

8.1.1 If the fees are not increased, part of Licensing Boards' administrative costs will need to be met from other sources. This would be contrary to Treasury guidance and NAO recommendations, and the costs of industry regulation would need to be subsidised out of taxpayers' money.

8.1.2 There will be no implementation or delivery required if the fees are not increased.

8.2 Option 2 - increase the fees for the renewal and transfer of premises licences for casinos/bingo clubs in Scotland in line with the Gambling Commission's recommendations, which have been implemented in England and Wales.

8.2.1 If the fees are increased, there will be increased costs to those operating casinos/bingo premises who will be expecting the increases in line with England and Wales. The fees are set at levels only to meet the costs of administering and regulating the relevant sectors, and represent a very small proportion of business costs.

8.2.2 If agreed by the Scottish Parliament, the increase will be implemented by way of an SSI, which will be notified to Licensing Boards and other parties.

Costs and Benefits - (i) Sectors Affected

9. There will be no impact on charities or the voluntary sector. Casino/bingo club operators are the only business sectors affected by the increased fees.

(ii) Benefits

10. There are no benefits to option 1 of not increasing fees. If the fees are not increased in Scotland, operators in England and Wales will pay more for a casino/bingo premises licence and Licensing Boards will not fully recover their administration costs. Increasing the fees as per option 2 will allow Licensing Boards to recover the whole cost of the administrative work involved in granting, transferring and renewing casino/bingo premises licenses.

(iii) Costs

11. Option 1 would not incur any costs as the fee levels would remain unchanged. The compliance cost to casino/bingo club operators of option 2 is the fee itself and their administration costs in applying for the licence. This option would also entail a small cost to the Executive associated with the preparation of the Order, laying it before the Scottish Parliament and notifying interested parties.

Small/Micro Firms Impact Test

12. A small/micro impact test was not carried out. As only casino/bingo club operators are affected by the increased fees, it is not anticipated that they will impact on small/micro businesses. In any event, the fees are wholly to meet the costs of regulating the casino/bingo sectors and represent a very small proportion of business costs.

Test Run of Business Forms

13. There are no statutory business forms introduced by increasing these fees.

Competition Assessment

14. DCMS conducted a competition filter test (in line with the Office of Fair Trading guidance) for its Order increasing the equivalent fees in England and Wales. The competition filter indicated a positive response to only 1 out of 9 questions, so a full competition assessment was not necessary as the increased fees are unlikely to have a negative impact on competition. The fees are set at a fixed rate and are exactly the same for all businesses applying for the same type of licence, irrespective of business size.

Enforcement, Sanctions and Monitoring

15. The increase in fees will be enforced by Licensing Boards. There are no requirements for sanctions: the fees are paid to Licensing Boards before the licence transfers or renewals are issued. The costs of administering licences will continue to be monitored by the Gambling Commission to ensure that the fees cover the costs of regulating the gambling industry.

Implementation and Delivery Plan

16. The increase in fees will be implemented by way of an SSI on 1 June 2006, which will be notified to Licensing Boards and other parties. Licensing Boards will collect the fees as part of the process for agreeing to the transfer or renewal of a premises licence. The Gambling Commission publishes the revised fee levels on its website.

Post-implementation Review

17. This exercise will be the last time that some gambling fees in Scotland are set under the existing Gaming Act 1968 and on the exact same basis as in England and Wales. The Gambling Commission will continue to monitor the costs of administering gambling fees but once the appropriate provisions of the Gambling Act 2005 come into force, Scottish Ministers will have powers to set all gambling fees in Scotland centrally.

Summary and Recommendation

18. It is recommended that the fees be increased as set out at in the Annex to this RIA. This will ensure that Licensing Boards recover the full cost of administering the renewal and transfer of casino and bingo premises licences.

Declaration

19. I have read the Regulatory Impact Assessment and am satisfied that the balance between cost and benefit is the right one in the circumstances.

Signed

Date May 2006

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GAMING FEES 2006: PROPOSED NEW FEE LEVELS**ANNEX**

	Old Fee (£)	New fee (£)	Increase (%)
Casino Licences			
Grant	31,063	31,063	0
Renewal	8,541	9,395	10
Transfer	8,232	8,561	4

Bingo Licences			
Grant	4,232	4,232	0
Renewal	1,616	1,778	10
Transfer	1,724	1,827	6