

Title: Adjustments to Gambling Commission Personal Licence and Operating Fees IA No: DCMS049 Lead department or agency: Department for Culture, Media and Sport Other departments or agencies: Gambling Commission	Impact Assessment (IA)
	Date: 01/05/2012
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary legislation
	Contact for enquiries: Stuart Roberts 020 7211 6099
Summary: Intervention and Options	RPC: RPC Opinion Status

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year	In scope of One-In, One-Out?	Measure qualifies as
£0.00m	£0.13m	£-0.13m	No	N/A

What is the problem under consideration? Why is government intervention necessary?

- The Gambling Act 2005 and subordinate regulations provide for personal licence holders to pay maintenance fees to the Gambling Commission (the Commission) every five years to ensure that the Commission recovers its generated costs. DCMS's most recent consultation (September – December 2011) on Adjustments to Gambling Operator Licence Fees, did not consider changes to personal licence maintenance fees. However, in consideration of the responses received to a separate consultation conducted by the Commission "The Maintenance of Personal Licences October 2011" the Commission has further reviewed its assessment of workload and costs with regards to the maintenance of personal licences and has identified scope to make some limited changes to the maintenance fee levels for personal functional licences.
- To ensure consistency with the proposals originally published in the September 2011 consultation document "Adjustments to Gambling Operator Licence Fees", the Commission would also seek to clarify that existing holders of, or new applicants for, certain operating licences are not subject to additional fees for the remote general betting (standard) (remote platform) operating licence (referred to as the "remote platform category" hereafter). It will also be necessary to ensure that those certain operators who receive the remote platform category at no additional cost are not liable to pay subsequent administration fees for making small amendments to that licence.

What are the policy objectives and the intended effects?

To deliver a more efficient and lower cost regulator for the gambling industry as a whole, without compromising consumer safety, by removing specific fee burdens imposed by the Act which are disproportionate to regulatory objectives.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Do nothing – (a) Maintain the existing level of maintenance fees for personal functional licences and fail to accurately reflect current and future regulatory efforts. (b) Fail to amend fees regulations, leaving certain operators liable to pay a fee burden for the remote platform category where no regulatory work is required. This option would, in two respects, impose a disproportionate and unnecessary cost burden on licence holders and therefore does not meet the Commission's wider policy objectives with regards to fees.

- Make limited amendments to maintenance fees for personal functional licences and to operating licence fee regulations with regards the remote platform category*– (a) Reduce maintenance **fees for personal functional licences**. (b) Clarify that there is no requirement to pay **fees for the remote platform category** in certain circumstances where the Commission does not incur any costs. These measures ensure that the fee charged for each service and sub-service accurately reflects the Commission's associated workload and incurred costs. In this way this option meets the policy objectives and is thus preferred.

Will the policy be reviewed? Yes If applicable, set review date: 04/2013					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes	< 20 Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded: N/A	Non-traded: N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: _____ Date: _____

Summary: Analysis & Evidence

Preferred Option

Introduce proposals to amend the Gambling Act by means of Statutory Instrument;
FULL ECONOMIC ASSESSMENT

Price Base Year 2009	PV Base Year 2012	Time Period 1 Year	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: 0.00

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	0	N/A	N/A
High	N/A		N/A	N/A
Best Estimate	0.00		0.00	0.13

Description and scale of key monetised costs by 'main affected groups'

Both aspects of the policy proposal reduce, rather than create, costs burdens for the industry. These benefits apply across a range of business sizes, and there is no additional cost burden for micro or small enterprises. These reductions in regulatory burden stem from efficiencies in the regulatory activity of the Commission. The proposal to reduce the fees placed on personal functional licences incurs some cost to the Commission for implementing a new IT system to help drive out efficiencies on personal licences. Since the Commission is funded purely by the gambling industry, however, these costs have already been factored into the new (lower) fee rate that is proposed within the preferred option. It does not make sense to recognise these costs separately in the economic analysis because they are explicitly linked to the lower fee level that the Commission is able to offer to licence holders. There are no costs involved in clarifying the remote platform category. There is no substantive change in the regulatory environment. This means that there is no potential for wider societal costs as a result of the intervention. The lower fee rate is recognised as a cost to the Gambling Commission.

Other key non-monetised costs by 'main affected groups'

No other costs to consider.

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	0	N/A	N/A
High	N/A		N/A	N/A
Best Estimate	0.00		0.13m	0.13m

Description and scale of key monetised benefits by 'main affected groups'

The proposed amendments to personal functional licence maintenance fees will reduce the fee burden on the casino industry and individuals employed in that industry by approximately £83k in constant prices cash terms in the fiscal year 2012/13. The fall in fees reflects the Commission's continuing reduction in the costs of operating its personal licence regulatory regime, while taking into account the projected volume of licensees.

Failure to introduce the proposed regulatory amendments to clarify the zero fee (in certain circumstances) for the remote platform category licence would necessitate the Commission charging a full fee and would lead to unnecessary costs being incurred by the betting industry of around £45k in the fiscal year 2012/13.

The total saving to businesses is therefore identified as £0.13m.

Other key non-monetised benefits by 'main affected groups'

It is likely that there are some additional administrative savings arising from a licensing return process that is easier and therefore faster to complete, with new service options such as the ability to pay online. This savings are difficult to estimate accurately and are likely to be quite small, but are nevertheless an additional benefit of the policy change. Theoretically, there might also be some very small productive incentive on businesses from the reduction in licence fees. In practice, it is unlikely that this effect will be material, and it would be extremely difficult to quantify in any robust and meaningful way.

Key assumptions/sensitivities/risks

Discount rate (%) | Not applicable

All estimates reflect the proposals outlined in the Evidence Base, and the following assumptions:

- Fee burden data taken from Commission licensing records, allowing for accurate forecasting. No Low / High sensitivity applied to the estimates in this case.
- An average net-loss churn rate in all personal licences of around 5% year-on-year, and an average net loss churn rate of 2% in operating licences, based on current trends of licences surrendered and new applications received. Appraisal period is taken to be one year, in line with the next review cycle. Discounting is therefore not applicable.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0.00	Benefits: 0.13	Net: -0.13	No	N/A

Evidence Base

Introduction and problem under consideration

Legislative background

1. The Gambling Act 2005 established the Gambling Commission (the Commission) as the national regulator of commercial gambling in Great Britain. The Commission became fully operational on 1 September 2007. The Commission is funded entirely from fee income, and receives no public funding.
2. The Gambling Act 2005 (the Act) gives the Secretary of State for Culture, Olympics, Media and Sport the power to make regulations setting fees to be paid to the Commission. In doing so, the Secretary of State intends to ensure such fees are set in accordance with the Act and HM Treasury's publication *Managing Public Money*. Each fee is set at a level that ensures that the Commission recoups the full cost of the service or sub-service in question delivered as part of its responsibilities, whilst ensuring fairness and value for money for the gambling industry, and there is no cross subsidisation between any services or sub-services.
3. Part 6 of the Act makes provision for personal licences which authorise individuals working in the gambling industry to perform the functions of a specified¹ management office (personal management licences) or to perform a specified² operational function in connection with gambling facilities (personal functional licences). Personal management licences (PMLs) can be held by any individual in any sector of the gambling industry who fulfils a position of key responsibility. Personal functional licences are currently only held by individuals employed in the casino industry whose functions enable them to exercise influence on the outcome of gambling or who receive or pay money in connection with gambling.
4. Section 132 of the Act also makes provision, via regulations made by the Secretary of State, for specified fees to be paid in respect of specified periods during which a personal licence is held. Currently, maintenance fees are payable for personal licences every five years³.
5. Regulation 13A(2) and (3) of the Gambling (Operating Licence and Single-Machine Permit Fees) Regulations 2006 (as amended), effective from 6 April 2012, provided that *existing holders* of the non-remote general betting (standard) or non-remote general betting (limited) operating licences would not be liable to pay application fees or annual fees for the general betting (standard) (remote platform) licence. To ensure full cost recovery on a service and sub-service basis, the regulations should also have made provision that holders of the remote general betting (limited) operating licence would face a charge of zero for the remote platform category, and that new applicants for all such betting licences (rather than just existing holders), when simultaneously or subsequently applying for the remote platform category, would not be subject to additional fees for that category given the zero cost to the Commission and instead pay a single fee to cover the full cost of the two services combined. It is also appropriate to ensure that such holders of the remote platform category are not subject to additional fees for making minor amendments to the platform category, when that category has been issued to them at zero cost to the Commission and when any such amendment would only be consequential from changes to their main betting business i.e. the non-remote aspect.
6. While personal licence fees and remote platform category fees are discrete matters, they both relate to the broader issue of ensuring Commission fees that are being charged to the gambling industry are representative of the full cost of the regulatory activity carried out by the Commission, and therefore the Commission's need for cost recovery. Both matters are deregulatory in the sense that it is proposed to reduce the potential future cost burden to industry. For these reasons they are considered together within this impact assessment, although the nature of their different impacts is consistently identified.

¹ See sections 127 and 80 of the Gambling Act for "specified" offices and functions. Also The Gambling Act 2005 (Definition of Small-scale Operator) Regulations 2006

² See sections 127 and 80 of the Gambling Act for "specified" offices and functions

³ See the Gambling (Personal Licence Fees) Regulations 2006 as amended by the Gambling (Personal Licence Fees) (Amendment) Regulations 2009

Rationale for intervention and policy objectives

Responses to consultation on The Maintenance of Personal Licences (October 2011)

7. The Commission recently conducted a consultation on the requirement to maintain personal licences and the maintenance process. Although neither this consultation nor the Adjustments to Gambling Operator Fees consultation specifically considered amendments to personal licence fees, the Commission has, in consideration of the responses received to the former consultation, decided to further assess and review its workload, costs and fees associated with personal licence maintenance.
8. Holders of personal licences must pay fees to the Commission every five years to maintain their licences. As part of the five-yearly maintenance process, the Commission will need to check the continued suitability (e.g. integrity, competence) of personal licence holders. The Commission will introduce IT systems to facilitate online submissions and online payments as part of the maintenance process. Although the introduction of these systems will be done at a cost to the Commission of approximately £60,000, the benefits of utilising such systems over the five-year maintenance period (i.e. they will help to reduce some of the administrative costs associated with the personal licence maintenance process) will outweigh the initial costs of development and maintenance. These overall reductions, together with a more streamlined approach to compliance and enforcement effort associated with personal functional licences, will enable the Commission to reduce maintenance fees for personal functional licences from £185 to £145. The Commission expects there to be additional compliance costs associated with personal management licences which will offset the reductions in administrative costs provided for by the implementation of online systems. On the basis of its assessment of workload and costs, the Commission has decided that the level of maintenance fees payable by personal management licence holders will be held in cash terms at £370, given the anticipated rise in compliance costs.
9. The reduction in maintenance fees for personal functional licences and constant fees for personal management licences reflects the Commission's broader policy objective of ensuring that Commission fee levels continue to reflect regulatory costs and are linked to changing balances in Commission effort.

Consultation on adjustments to Gambling Operator Licence Fees

10. As stated at paragraphs 4.26 and 4.27 of the consultation document "Proposals for Gambling Commission fees from 6 April 2012", the Commission had previously identified that betting operators would be required to pay around £13,500 for a remote general betting (standard) operating licence for offering facilities for gambling on other remote platforms in the course of a business. Amendments to the Gambling (Operating Licence and Single-Machine Permit Fees) Regulations 2006 which came into force 6 April 2012 therefore made provision for a different operating licence fee sub-category under the existing remote general betting (standard) licence - a general betting (standard) (remote platform) licence. To give effect to the published policy, the Regulations established that delivery of this licence fee sub-category will result in no cost to the Commission in respect of *existing* operators who already hold a *non-remote* general betting (standard) or *non-remote* general betting (limited) licence. Hence there will be no additional cost for such operators. Non-licensed traders who need a licence falling into this new fee category would pay an application fee of £198 and an annual fee of £280 to reflect the Commission's regulatory costs. These fees reflect the minimal licensing and compliance costs to the Gambling Commission, as the main risks to the licensing objectives are managed by the remote platform. The remote platform category incurs no additional cost to such existing licensed operators because the Commission in each case will already have had to undertake the relevant regulatory work in relation to their non-remote general betting licence.
11. To ensure consistency with the proposals originally published in that September 2011 consultation document, the Commission would seek to clarify in legislation that holders of, or applicants for, a *remote* general betting (limited) operating licence will be subject to an additional fee or annual fee of zero for the remote platform category in line with the zero cost which the Commission incurs. Further, to ensure clarity and consistency of that policy, that *applicants* (in contrast to existing licence holders,

who are now already provided for by regulation) who simultaneously apply for the 'remote platform' category along with a) a non-remote general betting (standard) operating licence, b) a non-remote general betting (limited) licence or c) a remote general betting (limited) licence - or where a pending application has already been submitted for one of a), b) or c) and a subsequent application is submitted for the remote platform category - will pay a single fee for both services taken together.

12. It is considered necessary for these provisions to be established in Regulations because, as explained in the consultation document, there is no justification for an additional fee where the *regulation* of holders of the remote platform category has already had to be undertaken through the Commission regulatory activity relating to the 'main' betting operating licence (i.e. the licences outlined at a), b) and c) above). The changes can be provided for by way of amendment to *regulation* 13A(2) and (3) of The Gambling (Operating Licence and Single-Machine Permit Fees) Regulations 2006 (as amended).
13. In line with this, it will also be necessary to ensure that where an operator is granted a remote licence for the remote platform category (and no other type of remote licence) in conjunction with one of the non-remote licences a) or b) above, and where an application is submitted to change a detail on those licences (e.g. a change of head office address), that a single administration fee is charged in respect of the requested change. (This circumstance would not arise when the remote platform category is held in conjunction with the licence indicated at c) above, as details for the remote general betting (limited) licence and the remote platform category would be held on the same licence rather than two distinct non-remote and remote licences.)
14. In circumstances where the Commission issues a remote platform category to a new non-remote betting operator, or an amended remote platform category as a result of a variation application described in paragraph 13 above, a small amount of additional staff time will be required to issue that category licence and operators will be charged a fee to cover the cost of this. However, the applicant would only require the remote platform category, or the amendment to the remote platform category, as a consequence of applying for or being a *non-remote* betting operator and the issuance of the non-remote licence has to be dealt with first. There are no additional suitability checks for a remote platform category application on top of the checks already conducted on the non-remote aspect of the betting business.

Options

15. Two options are considered to address the policy objectives:
 - 1) *Do nothing* – (a) Maintain the existing level of maintenance fees for personal functional licences and fail to accurately reflect current and future regulatory efforts. This option would impose a disproportionate and unnecessary cost burden on personal licence holders and therefore does not meet the Commission's wider policy objectives with regards to fees. Indeed it does not meet the policy objectives set out above, and is therefore not preferred. (b) Fail to amend regulation 13A(2) and (3) of the Gambling (Operating Licence and Single-Machine Permit Fees) Regulations 2006, meaning that certain operators in certain circumstances would be liable to pay fees for the remote platform category, which would result in the Commission being required to charge fees to certain operators where the fees paid for the main betting licence already cover the minimal associated licensing work. This would result in an over-recovery of Commission costs and is therefore not preferred. Charging a separate administration fee for making a small amendment to the details of a remote licence that has been issued only to give permission to use remote platforms in the course of a betting business is not considered suitable, in circumstances where that licence has, in the first instance, already been issued at no additional cost to non-remote betting operators.
 - 2) *Make limited amendments to maintenance fees for personal functional licences and to operating licence fee regulations with regards the remote platform category* – (a) Reduce maintenance fees for personal functional licences. (b) Clarify that there is no requirement to pay separate fees for the remote platform category in certain circumstances. These steps will ensure that the fees charged accurately reflect the Commission's associated workload and incurred costs of service provision. This option meets the policy objectives set out above, and is therefore preferred.

Benefits and costs

Proportionality and methodology

16. The proposed intervention aims to make modest reductions to the regulatory burden imposed on the gambling industry. This is a result of efficiency savings, and will occur within the existing legislative framework and without any consequent change in regulatory environment. The key anticipated impact of this policy proposal is therefore limited to a reduction in costs to businesses. It is also expected that there will be some additional administrative burdens on business lifted, as time savings result from a more streamlined online application and renewals form and payment system. There will, however, be no change in the level of regulatory attention paid to this aspect of the gambling industry. This means that there are no wider social impacts to take into account. No businesses of any size will lose out from this proposal. Given these aspects to the policy proposal, there is no reason to believe that this intervention is in any way novel or contentious. This supports the case for a relatively “light touch” impact assessment in proportion to the small scale of the intervention.
17. The approach to monetising the direct financial impact of the proposal is based on industry data that is held by the Commission. The appraisal period is set at one year, reflecting the duration of the review cycle for Commission fees. Time savings from a streamlined administrative process are acknowledged here, but they are not quantified. It would be difficult to quantify this effect because a precise estimate of the time saving realised, and information the value of time for the customer is lacking. Addressing these data deficiencies would be possible at cost, but is considered to be disproportionate to both the likely size of the specific benefit and the overall policy intervention. These benefits are therefore recognised, but are not quantified. No indirect effects are considered. Whilst there might be some very small productive incentive to businesses to increase supply from a reduction in fees, the size of the regulation for each business is very small and so any of these effects would be likely to be miniscule and methodologically difficult to estimate reliably. There are no wider social impacts to take into account. The following section thus concentrates only on the calculation of the quantifiable financial benefits to businesses. Given the accurate and robust nature of the Commission data, and the level of analysis required proportional to the small scale of the intervention, no sensitivity has been undertaken such that all calculations are presented in “best estimate” terms. Impacts are set out in turn for reductions to personal functional licences (PFLs) and the clarification on the remote platform category fees.

(a) Impact of reduction in Personal Functional Licence fees

18. The reduction in maintenance fees for PFLs will not incur any costs for the gambling industry. The benefits of this reduction will fall to both individual holders of PFLs and the terrestrial casino industry (it is often the case that PFL fees are paid for by the casino employers of PFL holders). There will be no impact, either beneficial or detrimental, to other sectors or individuals in the gambling industry.
19. It is anticipated that around 2085 holders of PFLs will benefit from the reduction in maintenance fees in the fiscal year 2012/13. This figure is based on the number of individuals who were granted personal functional licences during the period between September 2007 to the end of March 2008 (i.e. from the date when the Gambling Act took effect and personal licences were first granted, to the end of the fiscal year in 2008) and who would therefore be required to pay maintenance fees for their licence five years hence during fiscal year 2012/13. These calculations are based on current and projected licence volumes and an average annual churn rate of 5% in the number of personal licences held. The following Chart 1 illustrates the number and type of licences that are anticipated over the 2012/13 appraisal period.
20. Multiplying the estimated quantity of personal licences that will be due for renewal in the 2012/13 fiscal year by the change in the licence fee (i.e. the reduction in the maintenance fee for personal functional licences) allows the benefits of the proposal to be estimated. The Chart 2 below shows the total projected Commission fee receipts from personal licence maintenance fees, comparing the projection based on existing fees with a projection based on the reduced personal functional licence maintenance fee. Note that the table incorporates the fee receipts from both personal management licences and personal functional licences although there is no planned reduction in the fees charged for the former licence type.
21. The proposed new PFL maintenance fees result in a reduction in the overall burden placed on the industry by PFL maintenance fees (by comparison to the existing maintenance fees quanta) of

approximately £83,400 in constant prices in the fiscal year 2012/13. The fee burden from all personal licence maintenance fees would reduce from £814,555 to £731,155 in 2012/13 (as illustrated in chart 2 below) with the introduction of the reduced PFL maintenance fee. This analysis shows the policy to be deregulatory.

Chart 1: Licence demand over 2012/13

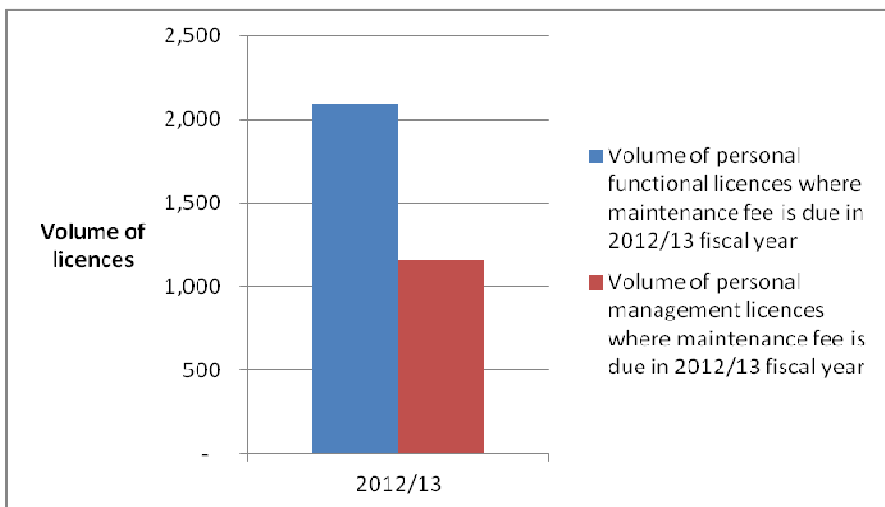
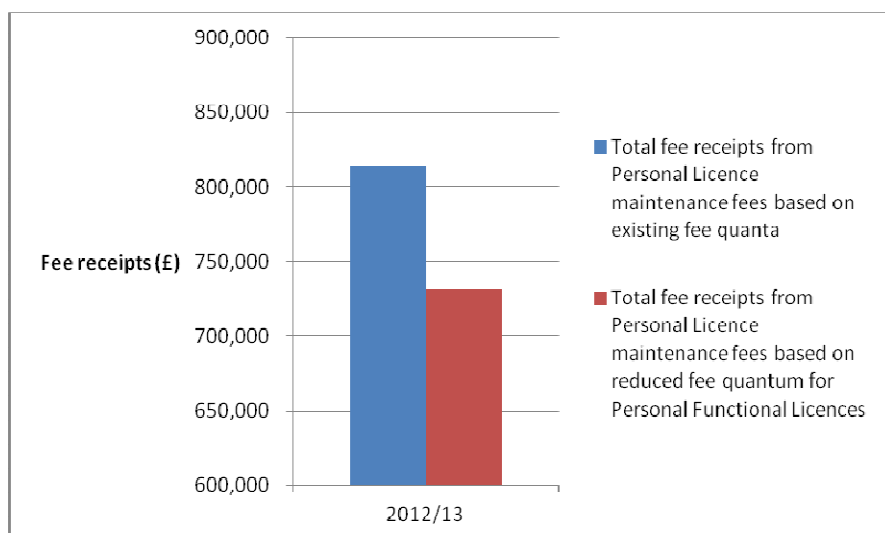


Chart 2: Personal licence fee receipts 2012/13



22. Paragraph 8 notes that there is a cost of approximately £60,000 for the installation and maintenance of new IT systems to facilitate a less cost intensive regulatory process for personal licence holders. This cost will be met by the Commission. The Commission does not rely on public money, however, and is funded purely by the gambling industry. This cost is already built into the new, lower, level of fees that is going to be charged to licence holders. It would not make sense to separate out the cost effect from the benefit effect because the two are necessarily entwined: the Commission aims to set fees that are proportional to the regulatory effort that it needs to expend to meet the objectives set out in the Act. Given that the cost is effectively met by the gambling industry, and that the cost is necessary to realise a lower level of fees overall, it would be artificial to treat the cost separately against a hypothetical proposed reduction in fee that stated the gross benefit. This means that the benefits calculations are already net of these additional costs, and hence represent not only the estimated present value of benefits but also the estimated net present value of the proposed option.

(b) Impact of clarification on remote platform category fees

23. There will be no additional costs to the Commission for processing and issuing remote platform category licences to betting operators/applicants (i.e. those who hold or apply for a non-remote general betting (standard) or (limited) operating licence, or those who hold or apply for a remote

general betting (limited) operating licence) who also apply for the remote platform category, either simultaneously or where an application for one of the betting (standard) or (limited) licences has already been previously submitted or granted. The remote platform category is only required by these operators to ensure that a small activity of their betting business (that is purely an adjunct to their main betting business) is licensed correctly as a remote activity. Given the zero cost to the Commission, such operators will pay a single fee to cover the full cost of the two services combined. An assessment of the potential financial detriment to betting operators, should the amendments to regulations not be made, is provided at Table 1 below.

24. It is not the Commission's intended policy to charge fees for amendments to licences that are issued for the remote platform category only, when the appropriate non-remote betting licence is also held and when an administration fee is paid for that non-remote licence. If such amendment fees were to be charged they would be in addition to the amendment fees for the non-remote licence, and as such there would be savings to non-remote operators by clarifying this proposal compared to the baseline of "do nothing. Table 1 below estimates the financial detriment to operators applying for such licence amendments under the do nothing option. This detrimental impact would not be felt under the preferred option, and therefore represents the benefits of pursuing the policy proposal.
25. The introduction of the clarification to the fees payable for the remote platform category, in the circumstances outlined above, will ensure that there is no monetary impact on holders of, or applicants for, any of the general betting (limited) or (standard) licences. Failure to introduce the clarification however could, conversely, create costs of up to £315 for each such applicant or operator (i.e. the combined application and annual fees for the remote platform category, which would represent an over-recovery of Commission costs as the regulatory risk can be ascribed to the application and annual fees paid for the 'main' general betting licence). The Commission also seeks to avoid charging an inappropriate additional administration fee for amendments to licences issued only for the remote platform category, in circumstances where the holder of that category also holds a non-remote betting licence, is paying amendment fees for that non-remote licence, and was in the first instance issued the remote platform category for no additional fee.

Table 1: financial burden to betting industry under do nothing option

Application Type or Licence holder type	Projected number of new applications/licence holders 2012/13	Additional fee burden per operator	Total additional fee burden per licence type
Non-remote general betting (standard) – new applicants required to pay application and annual fees for remote platform category	48	£315	£15,120
Non-remote general betting (limited) - new applicants required to pay application and annual fees for remote platform category	51	£315	£16,065
Remote general betting (limited) - new applicants required to pay application and annual fees for remote platform category	3	£315	£945
Remote general betting (limited) – existing licence holders required to pay application annual fees for remote platform category	40	£315	£12,600
Variations to licences where corresponding variation to remote platform category would be required.	30	£25	£750
Total additional burden, representing over-recovery of costs from the gambling industry			£45,480

Aggregate impact on the gambling sector at the firm level and on micro and small businesses

26. The overall benefit to the gambling industry from these two proposed changes is therefore £128,880, or £0.13m. This is the only business impact identified in the single appraisal year and therefore represents the net present value of the policy. This is the impact that has been presented in the Summary Pages.
27. The reduction in PFL maintenance fees and the clarification on the remote platform category will benefit gambling industry applications for these licences. Whilst the benefit calculations above are presented in aggregate, it is important to recognise that there is no single business instance in which any fees would increase. There are no “hidden” costs to specific individual businesses. Indeed, there are likely to be additional savings to businesses as the amount of time to complete the licensing return and pay the fee is reduced. The proposed intervention thus amounts to an unequivocal deregulation, directly lightening the burden on business. The overall size of this reduction in regulatory burden is measured by the equivalent annual net cost to business (EANCB). This is estimated at £0.13m. The proposal is, however, out of scope of One In One Out because it relates to fee changes without any substantive change in the regulatory regime. This is in accordance with paragraph 16(x) of the One In One Out Methodology⁴, and is therefore registered as “Zero net cost”.

Summing up and policy conclusions

28. The assessment of impacts conducted above supports the preferred policy option. The impact assessment demonstrates that there is an overall reduction in burdens on business. This is worth approximately £0.13m over the single year appraisal period. There are likely to be further administrative savings to businesses that have not been quantified, and no wider social impacts are anticipated. The benefit to business from lower fees is recognised as a cost to the Gambling Commission. The overall net present value position of the policy is therefore zero. This analysis thus supports the preferred option as a robust policy intervention.

Specific Impacts Tests

Economic and financial

29. The cost and benefit section of the impact assessment has identified the economic and financial effects in some detail. Issues of competition have not been discussed, however, and the remainder of the economic and financial specific impact test section gives some consideration to this issue.
30. **Does the proposal directly limit the number or range of suppliers?** (For example award exclusive rights to a supplier; restrict procurement from a single supplier or restricted group of suppliers; create a form of licensing scheme; or impose a quota on the number of suppliers?) No. The proposals make no provision for regulation of the number of suppliers.
31. **Does the proposal indirectly limit the number or range of suppliers?** (For example significantly raise the costs: for new suppliers relative to existing suppliers; for some existing suppliers relative to others; of entering or exiting an affected market?) No. Although it might be argued that the principle of cost recovery as set out in the Act constitutes a barrier to entry, it is unlikely that the adjustments to existing fees covered by this impact assessment will have an adverse impact on the number or range of suppliers.
32. **Does the proposal limit the ability of suppliers to compete?** (For example by: controlling or substantially influencing prices or characteristics of products; limiting innovation; limiting the channels a supplier can use, or the geographic area in which a supplier can operate; substantially restrict the ability of suppliers to advertise their products; or limit their freedom to determine their organisational form? No.
33. **Does the proposal reduce suppliers' incentives to compete vigorously?** (For example by exempting suppliers from general competition law; requiring or encouraging the exchange of

⁴ <http://www.bis.gov.uk/assets/biscore/better-regulation/docs/o/11-671-one-in-one-out-methodology.pdf>

information on prices, costs, sales or outputs; or increasing the costs to customers of switching between suppliers? No.

Social

34. No significant social impacts are anticipated under the proposals. No changes in the regulatory functions of the Commission are proposed, with only the small changes to levels of funding being introduced. No changes in the way in which society interacts with gambling are expected.

Environmental

35. No environmental impacts are anticipated under the preferred option. There are no environmental angles to the problem under consideration and the proposed response.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review, or there could be a political commitment to review (PIR)];

There is a commitment to review operating licence fees and personal licence fees annually to ensure they are set at a level that enables the Commission to recover the full costs of delivering its responsibilities, while avoiding cross-subsidisation and ensuring fairness and value for money for the gambling industry.

Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]

As with previous settlements, the review will examine the overall quantum of income against actual and forecast expenditure according to effort.

Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]

In-depth evaluation and consultation of stakeholders.

Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]

The existing fees as set out in the Gambling (Personal Licence Fees) Regulations 2006, as amended by the Gambling (Personal Licence Fees) (Amendment) Regulations 2009, and the Gambling (Operating Licence and Single-Machine Permit Fees) Regulations 2006, as amended in 2007, 2008, 2009 and 2012.

Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]

The principle criterion is the extent to which income matches effort.

Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review]

The Gambling Commission is entirely funded by licence fee income. Running as a business, it has sophisticated business systems for collating data on fee income and monitoring effort.

Reasons for not planning a review: [If there is no plan to do a PIR please provide reasons here]

Not applicable.