

**EXPLANATORY MEMORANDUM TO**  
**THE CATEGORIES OF GAMING MACHINE (AMENDMENT) REGULATIONS**  
**2009**

**2009 No. 1502**

1. This explanatory memorandum has been prepared by the Department for Culture, Media and Sport and is laid before Parliament by Command of Her Majesty.

None.

2. **Purpose of the instrument**

These Regulations amend the definitions of category C and D gaming machines as set out in the Categories of Gaming Machine Regulations 2007 (S.I. 2007/2158) (“the 2007 Regulations”). The effect of the amendments is to increase the stake and prize limits for all category C machines, and for certain types of category D machines.

3. **Matters of special interest to the Joint Committee on Statutory Instruments or the Select Committee on Statutory Instruments**

None.

4. **Legislative Context**

4.1 The Gambling Act 2005 (c. 19) (“the 2005 Act”) established a new regime for the regulation of gaming machines in Great Britain, replacing the previous system based on Part III of the Gaming Act 1968 (c. 65) (repealed as of 1st September 2007). The regime under the 2005 Act includes provisions governing where gaming machines may be used, their manufacture and supply, and the circumstances in which they may be used (including age limits for users).

4.2 Section 235(1) of the Act defines a “gaming machine” as a “machine which is designed or adapted for use by individuals to gamble”. Subsection (2) sets out a list of exceptions from this general definition for certain forms of equipment that might be used for gambling in some circumstances (for example, a home computer is not a gaming machine by reason only of the fact that it can be used for remote gambling).

4.3 Section 236 of the Act requires the Secretary of State to define four categories (A, B, C and D) of gaming machine, and to divide category B into further sub-categories. Subsection (4) provides that the categories (and sub-categories) may be defined by reference to:

- (a) amounts paid in respect of the use of the machine (usually referred to as the “stake”);
- (b) the value of prizes;
- (c) the nature of prizes;
- (d) the nature of the gambling for which the machine can be used;
- (e) the premises where a machine is used.

The 2007 Regulations were enacted pursuant to that section.

4.4 The categories and sub-categories originally enacted in the 2007 Regulations are summarised below.

<u>Category of machine</u>	<u>Maximum Stake</u>	<u>Maximum Prize</u>
A	Unlimited	Unlimited
B1	£2	£4,000
B2	£100	£500
B3	£1	£500
B3A	£1	£500
B4	£1	£250
C	50p	£35
D (money prize)*	10p	£5
(non money prize)	30p	£8
(other)	10p	£8.

(\*In relation to Category D, money prize machines are machines that only offer prizes in the form of cash, cheques or their equivalents (“money prizes”); and non money prize machines are machines that only offer prizes other than money prizes. A machine that offers both money and non-money prizes would be classified as “other” in the above table.)

4.6 The regime for the regulation of gaming machines under the 2005 Act also encompasses regulations made under Section 240 (which, inter alia impose restrictions on the amount of money that may be deposited in a gaming machine at one time, restrictions on the use of auto-play facilities on certain classes of machine, and requirements relating to information that must be displayed on machines); Part 8 (which imposes limits on the number and type of gaming machines that may be offered on different kinds of premises); and provisions under which certain kinds of premises can offer gaming machines pursuant to a permit, notification or direct authorisation under the 2005 Act (see in particular, sections 247, 282 and 283, and Schedules 10 and 13 to the Act). There also exists a range of technical standards for gaming machines laid down and enforced by the Gambling Commission.

4.7 The amendments introduced by these Regulations relate to gaming machine categories C and D as set out in the 2007 Regulations. A new regulation 3 is substituted, introducing the following changes from the previous version:

- (a) A new definition of a “crane grab machine” is introduced in paragraph (6)(c) of the new regulation. A crane grab machine is defined as a non-money prize machine in respect of which two conditions are satisfied. The first is that every prize which can be won as a result of using the machine consists of an individual physical object (such as a stuffed toy). The second is that whether or not a person using the machine wins a prize is determined by the person’s success or failure in manipulating a device forming part of the machine so as to separate and keep separate one or more physical objects from a group of such objects.

(b) New maximum stake and prize limits are introduced for Category D gaming machines that are crane grab machines. For non-money prize machines in general, the maximum stake must be no more than 30 pence, and the maximum prize value must be no more than £8. This remains the case under paragraph (2) of the new regulation. However, under paragraph (3) of the new regulation, if the non-money prize machine is a crane grab machine, the maximum stake may be anything up to and including £1, and the maximum prize value may be anything up to and including £50.

(c) A new definition of a “coin pusher or penny fall machine” is introduced in paragraph (6)(d) of the new regulation. These machines, commonly found in seaside arcades, are already substantially defined for an unrelated purpose in regulation 2(3), and the new definition adopts this, but also includes the additional requirement that the machine be neither a money-prize nor a non-money prize machine.

(d) New maximum stake and prize limits are introduced for Category D gaming machines that are coin pusher or penny fall machines. Under paragraph (4) of the new regulation, if a machine is a coin pusher or penny fall machine the maximum stake may be anything up to and including 10 pence, and the maximum prize value may be anything up to and including £15.

(e) The remainder of regulation 3 is substantially the same as the previous version, although rearranged slightly. The former paragraph (2) is now paragraph (1), and vice-versa, with crane grab machines now excluded from the ambit of paragraph (2). The former paragraph (3) is paragraph (5) in the new regulation, with paragraphs (3) and (4) now dealing with crane grab and coin pusher or penny fall machines respectively. The definitions of “money-prize” and “non-money prize” machines previously in paragraphs (4) and (5) are now in paragraph (6)(a) and (b), and the former paragraphs (6) and (7) are now paragraphs (7) and (8) respectively.

4.8 In addition, these Regulations amend the definition of a Category C gaming machine in regulation 4 of the 2007 Regulations. The effect of the amendment is that the maximum charge for use for a Category C machine may be anything up to and including £1 (previously 50p), and the maximum prize value for such a machine may be anything up to and including £70 (previously £35).

## **5. Territorial Extent and Application**

These Regulations extend to Great Britain.

## **6. European Convention on Human Rights**

The Minister for Sport, Gerry Sutcliffe MP, has made the following statement regarding Human Rights:

“In my view the provisions of the Categories of Gaming Machine (Amendment) Regulations 2009 are compatible with the Convention rights.”

## **7. Policy background**

7.1 Gerry Sutcliffe MP, the Minister with responsibility for gambling, announced on 25 June 2008 that principally in order to provide economic assistance to family entertainment centres (such as seaside arcades) and to pubs and clubs, DCMS would bring forward a review of Gaming Machine Stakes and Prizes planned for 2009 to 2008, in respect of low-stake, low-prize Category C and D machines only. To coincide with his announcement the Minister and Department wrote to a range of stakeholders inviting them to suggest what stake and prize levels should apply to Category C and D gaming machines until 2012 (the date of the next review). Based on the responses that were received Ministers accepted that a modest increase in stake and/or prize levels was appropriate to assist the gambling industry during this period of difficult trading conditions, whilst posing minimal risks to the licensing objectives in terms of protecting children and vulnerable adults from harm caused by gambling.

7.2 The Government consulted on a number of options between 5 September and 31 October 2008. For category C machines, the Government's initial favoured approach was to increase the maximum stake for Category C machines from 50p to 60p, and the maximum prize from £35 to £60. In response to public consultation on that proposal the industry provided strong evidence as to why this would not work. In response to this Government decided a more appropriate way forward to assist the seaside arcade and pub sectors was to increase proposed revised limits and agree to a £1 stake, £70 prize limit for category C machines. A separate public consultation was carried out on this proposal from 22 December 2008 – 19 January 2009.

7.3 For category D machines, Government proposed changes to only certain types of machines – “crane grabs” and “penny falls” or “coin pushers”. There would be no change to money prize machines.

7.4 For crane grabs, Government originally proposed to increase the maximum stake and the maximum prize value to 50p and £30 respectively. Stake and prize limits for other types of non-cash prize Category D machines would remain unchanged. In response to public consultation on the proposal, Government accepted arguments from the industry that stake and prize value limits higher than the 50p and £30 levels initially proposed would enable operators to offer more attractive prize items, and by allowing seaside arcades to do so would go a long way to addressing the difficult economic position in which they found themselves. Government therefore felt that limits of £1 and £50 were more appropriate. This revised proposal was publically consulted on during 22 December 2008 – 19 January 2009.

7.5 Government also proposed that the maximum stake of mixed cash prize/non-cash prize machines would remain unchanged at 10p, but that for “penny falls” or “coin pushers” only the prize value should increase to £15, of which a maximum of £8 could be cash. The maximum prize on other mixed cash/non-cash prize machines would remain unchanged.

## **8. Consultation outcome**

8.1 The Department has consulted twice on its proposals and a paper is attached (Annex A) summarising the responses to these consultations.

8.2 While the majority of responses to both consultations were from the gaming machine industry, faith groups and other stakeholders such as local licensing authorities also responded. The faith groups objected to the proposals. Their main concern centred on the increased prize levels and the effect this might have on children and vulnerable people on low incomes. They also criticised strongly Government's decision to revise its proposals. They felt that not enough consideration had been given to the risks of increased levels of problem gambling and in particular that no research of the potential effects of increased stake and prize limits had been carried out and the measures were being introduced prior to the 2010 Gambling Prevalence Survey.

## **9. Guidance**

No additional guidance will need to be issued to the industry.

## **10. Impact**

10.1 An Impact Assessment is attached to this memorandum at Annex [X].

10.2 There will be no impact on charities or voluntary bodies. With regard to impact on business, the Order will not impose any increased costs on the industry, as family entertainment centres, pubs and clubs would not be obliged to alter existing machines to conform to new stake and prize levels.

10.3 In line with OFT guidance we have considered whether the new proposal would directly or indirectly limit the number or range of suppliers, and we have concluded that it would not. Indeed, the measure is intended to help ensure that arcades, pubs and clubs remain open so that existing levels of competition are at least maintained. The proposal is also designed to help halt decline in machine manufacture and increase suppliers' incentives to compete vigorously.

## **11. Regulating small business**

The measure would therefore have no adverse impact on small firms.

## **12. Monitoring & review**

Some groups with concerns about problem gambling may argue that the proposed increase could increase the risk of problem gambling. We take this risk seriously, but believe that it will be mitigated by very stringent regulations and Gambling Commission technical standards and codes of practice governing the use of machines, all of which have been developed to protect the consumer. We will continue to monitor the position through the Gambling Commission's three-yearly prevalence study.

## **13. Contact**

Alistair Boon at the Department for Culture, Media and Sport (tel: 020 7211 6486 or email: [alistair.boon@culture.gsi.gov.uk](mailto:alistair.boon@culture.gsi.gov.uk)) can answer any queries regarding the instrument.

## **GAMBLING ACT (VARIATION OF MONETARY LIMITS FOR GAMING MACHINES) ORDER 2008 - CONSULTATION RESPONSES**

### **Background**

On 25 June 2008 Gerry Sutcliffe announced that the Department would bring forward a review of Gaming Machine Stakes and Prizes in respect of low-stake, low-prize Category C and D machines only. The review was originally planned for 2009, but brought forward to 2008 in order to provide economic assistance to family entertainment centres (such as seaside arcades) and to pubs and clubs.

The Department adopted a fast-track process so that any changes resulting from the review would not be delayed. Minister and officials wrote to a range of trade bodies and organisations with an interest in problem gambling to invite them to submit their suggestions for appropriate revised stake and prize limits by 25 July 2008. On the basis of the suggestions received, the Department formed a view on what revised stake and prize limits would be appropriate and proportionate. These were:

#### *Category C machines*

- Increase the stake limit to 60p and the prize limit to £60;

#### *Category D machines*

- No change to money prize machines;
- Increase the maximum stake and the maximum prize value for non-money prize machines to 50p and £30 respectively (would apply to 'crane grabs' only);
- Maximum stake of mixed cash prize/non-cash prize machines to remain unchanged, but the prize value for 'penny falls' or 'coin pushers' to increase to £15 (of which a maximum of £8 could be cash).

The Department's intention is to lay the statutory instrument in Parliament for Affirmative Resolution as soon as logistically possible, with a view to the new limits coming into force no later than the beginning of the Easter holiday season 2009. The consultation closed on 31 October 2008 and the views of the 14 organisations which responded are summarised below. The summary is followed by an analysis section and some headline points emerging from the consultation.

### **Summary**

There were 15 responses. These were received from:

Bell-Fruit Group (BFG)  
The Bingo Association (BA)  
British Amusement Catering trade Association (BACTA)  
British Association of Leisure Parks, Piers and Attractions Ltd (BALPPA)  
British Beer and Pub Association (BBPA)  
British Casino Association (BCA)  
Business in Sport and Leisure (BISL)  
Danoptra Ltd (DL)  
Gala Coral Group (GCG)

Games Warehouse (GW)  
 London Borough of Merton (LBM)  
 The Methodist Church (MC)  
 Punch Taverns (PT)  
 Quaker Action on Alcohol and Drugs (QAAD)  
 Rank group (RG)

**Q1: Do you consider that the Government’s proposals for adjustments to stake and prize limits on Category C machines to 60p/£60 respectively will provide the necessary level of relief to seaside arcades, pubs and other venues that are set to benefit, and to machine manufacturers and suppliers?**

BFG	No – BFG assert that the proposals would ‘detract from the customer experience’ and would not achieve the removal of ‘legacy’ machines.
BA	No - BA asserts that the proposals will not benefit licensed bingo clubs, or help them tackle other issues facing the industry (e.g. the smoking ban, double taxation, removal of machines).
BACTA	No – the proposal does not provide a ‘compelling consumer offer’.
BALPPA	No
BBPA	Yes, but BBPA would prefer to see a proposed increase to £1/£60 or £1/£70
BCA	Yes
BISL	No – BISL argue that the proposals are not high enough to stimulate the British game manufacturing industry or create customer satisfaction.
DL	No – DL argue a 60p stake would be off-putting to customers.
GCG	Yes
GW	No
LBM	No objection/opinion
MC	No objection/opinion
PT	Yes
QAAD	No – QAAD is concerned that such a significant increase in prize limits should occur so soon and that ‘wider policy goals’ of assisting seaside and pub operators are being given preference over the precautionary principle.

RG	No – RG argue that the proposals would be off-putting to players and fail to provide an incentive for operators to replace legacy machines.
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**Q2: Do you consider that the Government’s proposals for adjustments to stake and prize limits on Category C machines to 60p/£60 respectively will provide greater benefits when considered against the alternative option of 50p/£50?**

BFG	No – BFG argue for a £1/£100 limit, or failing that a £1/£70 limit.
BA	Yes, but BA contend that 50p/£50 should not be the only point of comparison. They propose a £1/£60 option in order to give bingo clubs the ability to respond to current market conditions.
BACTA	No – BACTA argue that a £1/£70 limit or, preferably, a £1/£100 limit are required in order to deliver tangible benefits.
BALPPA	No – BALPPA see £1/£70 as the minimum increase to achieve any tangible benefit for the industry.
BBPA	Yes
BCA	Yes
BISL	No – BISL argue for a £1/£70 limit instead.
DL	No – DL argue instead that £1/£100 limit only would provide realistic benefits, but would accept £1/£70 limit as an interim measure.
GCG	Yes – although GCG would rather see a £1/£70 limit in order to make machines more attractive and invigorate the manufacturing market.
GW	No – overall GW argue for a £1/£100 limit.
LBM	No – LBM do not agree to the proposals. They see a rise in prize to £60 as too much of an inducement to patrons of licensed premises, especially when linked to consumption of alcohol.
MC	No - MC do not agree to the proposals. They are concerned that such an increase would set a precedent for future above-inflation increases and that a prize limit of £60 would change the nature of the games and attract vulnerable people on low incomes.
PT	Yes, although PT believes there is scope to increase the stake to £1.
QAAD	No – QAAD find the lower limit preferable, but would prefer to see no change or one proportionate to inflation only.
RG	No – RG argue instead for a £1/£100 limit.

**Q3: Do you consider that the Government’s proposals for adjustments to stake and prize limits on Category D machines, and for prize gaming, will provide the necessary level of relief to seaside arcades, pubs and other venues that are set to benefit, and to machine manufacturers and suppliers?**

BFG	No objection/opinion
BA	No: BA considers the proposals unrealistic and wishes to see higher limits. They argue that as prize gaming is an important part of the mix of products available in a bingo club the proposals do not give operators the scope to innovate and develop new products.
BACTA	No – BACTA argue there is a strong case for a £1/£50 prize for cranes and does not believe there is any logic in linking cat. C and prize gaming concepts.
BALPPA	Yes with regards to ‘the pusher machine’, no with regards to ‘the Crane’.
BBPA	No objection/opinion
BCA	Yes
BISL	Yes
DL	No objection/opinion
GCG	Yes
GW	Yes
LBM	Yes – LBM are content with some of the proposals, but are concerned that increases to crane grab and coin pusher stakes may induce children to use these machines more frequently.
MC	Yes – MC are content with the proposals but continue to call for children not to be allowed to use cat. D fruit machines.
PT	No objection/opinion
QAAD	Yes – QAAD are content with the proposals but remain concerned about children’s access to cat. D machines.
RG	No – RG’s concern here is with bingo halls and they do not support the proposals. RG do not think the proposals will allow bingo clubs to develop new products to attract new customers and retain existing ones.

## Analysis

Q1: Do you consider that the Government's proposals for adjustments to stake and prize limits on Category C machines to 60p/£60 respectively will provide the necessary level of relief to seaside arcades, pubs and other venues that are set to benefit, and to machine manufacturers and suppliers?

Agree: 4	Disagree: 8	No objection/opinion: 3
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Q2: Do you consider that the Government's proposals for adjustments to stake and prize limits on Category C machines to 60p/£60 respectively will provide greater benefits when considered against the alternative option of 50p/£50?

Agree: 5	Disagree: 10	No objection/opinion: 0
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Q3: Do you consider that the Government's proposals for adjustments to stake and prize limits on Category D machines, and for prize gaming, will provide the necessary level of relief to seaside arcades, pubs and other venues that are set to benefit, and to machine manufacturers and suppliers?

Agree: 8	Disagree: 3	No objection/opinion: 4
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## Alternative/Additional Suggestions

*Category C:* The majority of responses argued that a 60p/£60 limit was not viable, preferring instead a minimum stake of £1 and a maximum prize of £60, £70 or £100.

*Category D:* The majority of responses agreed with the proposals but BACTA and BALPPA called for a £1/£50 limit instead for 'crane grabs'.

## Key Points

### *General*

- The majority of respondents welcomed the government's decision to bring forward the review in order to provide economic assistance to certain areas of the sector;
- Three respondents – MC, QAAD and LBM – objected to all or significant elements of the proposals. Their main concern centred on the increased prize levels and the effect this might have on children and vulnerable people on low incomes;

### *Category C*

- The majority of operators and trade bodies who responded to the consultation welcomed the review, but were critical of the proposed 60p/£60 limit. They argued that it would not provide tangible benefits to family entertainment centres, pubs or clubs;
- Many of the respondents picked up on the point made by the Gambling Commission and included in the consultation document that a £1 stake would

not pose any significant threat to licensing objectives or increase problem gambling provided appropriate controls were put in place;

- Some of the respondents representing pubs made the point that they would not support any game restrictions which might change the nature of machines in pubs and potentially negate the benefits resulting from an increase to stakes and prizes;
- Three respondents argued a 60p/£60 limit would have a negative effect on the manufacturing market. It was too low to provide an incentive for manufacturers to develop new machines and for operators to replace legacy category C machines. They argued for either a £1/£100 or £1/£70 limit to re-invigorate the market;
- Most of the respondents iterated the importance of getting any new limits in place for the Easter holiday season 2009.

#### *Category D*

- Most respondents agreed with the proposals for category D machines;
- BACTA and BALPPA agreed with the proposals for 'coin pushers' but argued instead for a £1/£50 limit for 'crane grabs';
- Respondents representing bingo clubs disagreed with the proposals, arguing that they did not give operators the scope to develop new products.

**GAMBLING ACT 2005:  
THE DRAFT CATEGORIES OF GAMING MACHINE (AMENDMENT)  
REGULATIONS 2009 AND THE DRAFT GAMBLING ACT 2005 (LIMITS ON  
PRIZE GAMING) REGULATIONS 2009  
SECOND CONSULTATION RESPONSES**

**Background**

On 25th June the Minister for Sport, Gerry Sutcliffe, announced that principally to provide economic assistance to seaside arcades, the Department would bring forward a review of stakes and prizes for low stake category C and category D gaming machines. The Government consulted on five options between 5 September and 31 October 2008.

After considering responses from the industry, faith groups and other stakeholders, and receiving representations from a number of trade bodies, the Government revised its proposals in respect of new stake and prize limits. A further consultation was launched on 22 December 2008 in order to give all stakeholders the opportunity to comment again. These revised proposals were:

*Category C machines*

- Increase the stake limit to £1 and the prize limit to £70;

*Category D machines*

- No change to money prize machines;
- Increase the maximum stake and the maximum prize value for non-money prize machines to £1 and £50 respectively (would apply to 'crane grabs' only);
- Maximum stake of mixed cash prize/non-cash prize machines to remain unchanged, but the prize value for 'penny falls' or 'coin pushers' to increase to £15 (of which a maximum of £8 could be cash).

*Prize Gaming*

- Equalise stake and prize limits in Adult Gaming Centres, Family Entertainment Centres and other venues permitted to offer prize gaming with those for Category C machines i.e. a maximum participation fee of £1 and maximum cash prize of £70.

The Department's intention is to lay the statutory instruments in Parliament for Affirmative Resolution as soon as logistically possible, with a view to the new limits coming into force in May 2009.

The consultation closed on 19 January 2009. A total of 157 responses were received. Of these, 114 were responses from operators and manufacturers based on a standard template reply that was supportive of arguments put forward by BACTA. The views of a selection of the organisations which responded are summarised below. The summary is followed by an analysis section and some headline points emerging from the consultation.

**Summary**

There were 157 responses in total. A selection of these are summarised below. They include:

- Barcrest Group (BG)
- Bell-Fruit Group (BFG)
- The Bingo Association (BA)
- British Amusement Catering Trade Association (BACTA)
- British Association of Leisure Parks, Piers and Attractions (BALPPA)
- British Beer and Pub Association (BBPA)
- British Casino Association (BCA)
- British Resorts and Destination Association (BRADA)
- Business in Sport and Leisure (BISL)
- Christian Action Research and Education (CARE)
- Danoptra Ltd (DL)
- The Evangelical Alliance (EA)
- East Lindsay District Council (ELDC)
- Games Warehouse (GW)
- Greater Yarmouth Tourist Authority (GYTA)
- HB Leisure (HB)
- City of Lincoln Council (LC)
- The Methodist Church (MC)
- Mission and Public Affairs Council of the Church of England (MPAC)
- Mitchells and Butlers (MB)
- Punch Taverns (PT)
- Quaker Action on Alcohol and Drugs (QAAD)
- Rank Group (RG)
- The Salvation Army (SA)

**Question 1: Do you consider that the Government’s revised proposals for adjustments to stake and prize limits on Category C machines, to £1 and £70 respectively, will provide an appropriate level of increase (consistent with the licensing objectives) to seaside arcades, pubs and other venues that are set to benefit, and to machine manufacturers and suppliers?**

BG	Yes – some machines will still continue to offer lower stakes
BFG	Yes
BA	Yes, but disappointed limit not £1/£100
BACTA	Yes - £1/£70 would provide 20% uplift in revenues. Do not agree that category C and prize gaming concepts should be linked.
BALPPA	Yes – Would also provide help provide an alternative to harder forms of gambling in the marketplace.
BBPA	Yes – projected increases for £1/£70 limit would return machine income back to 2004/5 levels.
BCA	Yes
BRADA	Yes
BISL	Yes – will provide flexibility and variation for manufacturers and help venues under threat in current economic climate.
CARE	No
DL	Yes, but only to an extent. Believe that £1/£70 should be reviewed after 12 months with a view to increase to £1/£100

EA	No. Concerned that government wants to help manufacturers and operators at the expense of vulnerable people. Concerned that such increases blur the lines between casual and hard gambling.
ELDC	Yes, but important to keep the distinction between lower stake cat. C machines and higher stakes cat. B machines. Would hope there would be no further prize increase over £70.
GW	Yes - £1/£70 would provide 20% uplift in revenues. Do not agree that category C and prize gaming concepts should be linked.
GYTA	Yes, but setting stake and prize limit at £1/£100 would further improve long term sustainability of seaside arcades, pubs and other venues.
HB	Yes – would also help replace legacy machines
LC	No
MC	No – feels that the government is acting on behalf of certain sections of the gambling industry at the expense of families and communities
MPAC	No – in particular did not accept the argument that it would be too difficult for manufacturers to design machines to take more than one coin
MB	Yes
PT	Yes – would have significant impact on increasing the viability of many pub businesses
QAAD	No
RG	No. Prize levels should be £1/£100.
SA	No. Does not believe gambling is an appropriate or effective means of economic regeneration.

**Question 2: Do you consider that the Government’s proposals for adjustments to stake and prize limits on Category D machines, as revised, will provide an appropriate level of increase (consistent with the licensing objectives) to seaside arcades, pubs and other venues that are set to benefit, and to machine manufacturers and suppliers?**

BG	Yes
BFG	Yes
BA	Yes
BACTA	Yes – will maintain consumer value.
BALPPA	Yes
BBPA	Yes
BCA	Yes
BRADA	Yes
BISL	Yes
CARE	No
DL	Yes
EA	No. By increasing limits for crane grabs the government is condoning gambling by children
ELDC	Agrees with proposals for penny falls, but disagrees with proposals for crane grabs
GW	Yes
GYTA	Yes
HB	Yes – will allow operators to offer discounted stake levels if desired.
LC	No
MC	No - has concerns that increasing the prize limit for crane grabs effectively turns them into gambling for children
MPAC	No – would change the nature of children’s use to crane grabs and add to the pressure on poor families during a recession. Supports the decision to restrict the maximum stake of penny falls machines.
MB	Yes
PT	Yes
QAAD	No – particular concern that increasing the prize limit for crane grabs turns them into gambling for children
RG	Yes. Also calling for a substantial increase in stake, cash prize and non-cash prize limits for prize gaming
SA	No comment – but do say that prizes should be appropriate for their context.



**Question 3: Do you believe that the Government’s proposals, taken together, could have adverse consequences in terms of problem gambling, criminality and the effect on minors?**

BG	No
BFG	No
BA	No – in case of bingo clubs proposals constitute even less of a risk to the licensing objectives.
BACTA	No – believe proposals will not have an adverse effect in terms of problem gambling, criminality and minors. Believe proposals will preserve softer gambling environments.
BALPPA	No
BBPA	No. BBPA also supports Gambling Commission’s proposals for revised technical standards.
BCA	No
BRADA	No – concerned that if proposals are not enacted then resulting changes in profile of provision in resorts may be potentially more harmful.
BISL	No
CARE	Yes – burden of proof should be on industry and DCMS with regards to upholding the precautionary principle.
DL	No
EA	Yes. The reduction of problem gambling should be the main concern and was concerned at the way government agreed to increases without supporting increases. It also cites views from members from local church communities in seaside towns that seaside arcades can have a negative effect on the behaviour of young people
ELDC	Yes in relation to proposals for crane grabs. Too high a level of prize for a family/child orientated machine. Crane grabs should be treated the same as penny falls.
GW	No – believe proposals will not have an adverse effect in terms of problem gambling, criminality and minors. Believe proposals will preserve softer gambling environments.
GYTA	No
HB	No
LC	Yes – these proposals contravene licensing objectives to protect vulnerable persons. Crane grab proposals would allow children to partake in a form of gambling approaching a harder level that was previously for over-18s only.
MC	Yes – argues there is no evidence that proposals will not pose a significant risk of creating increased gambling problems. Also concerned proposals would turn pubs into hard gambling environments
MPAC	Yes – in particular the nature of gaming machines carries high risks of addiction and possibility of becoming a gateway to harder forms of gambling. Location of cat. C machines in pubs makes them available for use by unsupervised under-18s
MB	No – especially when combined with Gambling Commission’s technical standards

PT	No
QAAD	Yes. Assumptions cannot be made about how the interplay between new machine designs and stake/prizes will affect problem gambling. Also, with ¼ of gaming machines in pubs had particular concerns about link between alcohol and gambling
RG	No – gaming machines ancillary activity at bingo clubs, and category C machines only offered in circumstances where children are not permitted to play.
SA	Yes. More evidence is required on the impact of gambling prevalence has concerns that unacceptable precedents in terms of how reasonable levels of stakes and prizes are to be calculated.

## Analysis

Question 1: Do you consider that the Government's revised proposals for adjustments to stake and prize limits on Category C machines, to £1 and £70 respectively, will provide an appropriate level of increase (consistent with the licensing objectives) to seaside arcades, pubs and other venues that are set to benefit, and to machine manufacturers and suppliers?

Total Replies: 157

Agree: 146	Disagree: 11	No objection/opinion: 0
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Question 2: Do you consider that the Government's proposals for adjustments to stake and prize limits on Category D machines, as revised, will provide an appropriate level of increase (consistent with the licensing objectives) to seaside arcades, pubs and other venues that are set to benefit, and to machine manufacturers and suppliers?

Total Replies: 157

Agree: 146	Disagree: 10	No objection/opinion: 1
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Question 3: Do you believe that the Government's proposals, taken together, could have adverse consequences in terms of problem gambling, criminality and the effect on minors?

Agree: 11	Disagree: 141	No objection/opinion: 15
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## Alternative/Additional Suggestions

### *Category C:*

Four organisations called for a revised stake and prize limit for category C machines of £1/£100.

## Key Points

### *General*

- The majority of respondents were from organisations and businesses involved in the gaming machine industry and thus supported the government's decision to revise its proposals for new stake and prize limits for category C and certain types of category D gaming machines. The general consensus was that these would provide economic assistance to certain areas of the sector;
- Faith groups criticised strongly the government's decision. They were concerned that the government appeared to be giving in to the demands of the gambling industry and endorsing higher levels of gambling during a recession, when unemployment was rising;
- The faith groups were also concerned that government had not given enough consideration to the risks of increased levels of problem gambling. The government was criticised for not carrying out any research of the potential effects of increased stake and prize limits and introducing the measure prior to the 2010 Gambling Prevalence Survey.

### *Category C*

- Most respondents supported the government's proposals in relation to category C gaming machines;
- The faith groups argued that increasing the stake and prize limits blurred the distinction between category C and B machines, thus blurring distinctions between hard and soft gambling;
- The faith groups also expressed particular concerns about category C machines located in pubs. They argued that increased stake and prize limits could lead to pubs being turned into harder gambling environments, particularly when linked with excessive alcohol consumption.

### *Category D*

- Most respondents felt increasing stake and prize limits for crane grabs and penny falls machines would benefit seaside arcades;
- Some respondents, including the faith groups, criticised strongly the government's proposals in relation to crane grabs. They were concerned that increasing the stake and prize limits for this type of machine changed its nature and effectively turned them into gambling for children.

## Summary: Intervention & Options

**Department /Agency:**  
**Department for Culture,  
Media and Sport**

**Title:**  
**Impact Assessment for The Draft Categories of Gaming  
Machine (Amendment) Regulations 2009**

**Stage: Draft Order**

**Version: 2**

**Date: 27 February 2009**

**Related Publications:**

**Available to view or download at:**

<http://www.>

Contact for enquiries: Alistair Boon DCMS

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

There are an estimated 1,615 operators active in the UK's gaming machine industry (covering machine manufacturers, suppliers and operators), with an estimated 261,000 gaming machines in use (categories B – D). 26% of these machines are located within family entertainment centres (such as seaside arcades), while a further 32.5% are located in pubs and clubs.

A case has been put to the Department on behalf of the gambling industry that the present economic climate has made trading conditions very difficult - especially for amusement arcades, where closures primarily affect seaside towns and there have already been significant job losses. In particular:

- Arcade revenue is down 21%, with 136 reported closures since July 2007, resulting in 853 jobs lost;
- Manufacturing output of gaming machines down 55% since 2005;
- More than 280 jobs lost in manufacturing since June 2007.

The industry have sought increased stake and prize levels for certain categories of gaming machine in order to help alleviate the financial pressures operators are under. These levels are set in secondary legislation and can only be changed by secondary legislation.

The Government has assessed the industry's case together with the likely effect of their proposed changes on the promotion of the statutory licensing objectives in the Gambling Act 2005. Following two public consultations in late 2008, the Government concluded that certain increases to stake and prize levels would be justified and appropriate.

Section 236(4) of the Gambling Act 2005 provides that regulations made by the Secretary of State for Culture, Media and Sport to define the different categories of gaming machine can include monetary limits on stakes and prizes applying to the different types of machine. The Categories of Gaming Machine Regulations 2007 (SI 2007/2158) were the first use of these powers, and set stake and prize limits on gaming machines which are currently in force. The present draft Regulations will increase the relevant limits, as described in detail below.

### What are the policy objectives and the intended effects?

In order to give the industry certainty and to enable it to plan properly, Gerry Sutcliffe MP, the Minister with responsibility for gambling, announced on 25 June 2008 that DCMS would bring forward a review of Gaming Machine Stakes and Prizes planned for 2009 to 2008, in respect of low-stake, low-prize Category C and D machines only. This would allow an earlier examination of the case for increased stake and prize levels for such machines than had been planned. The objective of the review was to examine whether increased stake and prize levels of the kind suggested by the industry (in particular family entertainment centres (such as seaside arcades) and pubs and clubs) could be permitted consistent with the licensing objectives in the Gambling Act 2005. To coincide with his announcement the Minister and Department wrote to a range of stakeholders inviting them to suggest what stake and prize levels should apply to Category C and D gaming machines until 2012 (the date of the next review). Based on the responses that were received Ministers accepted that a modest increase in stake and/or prize levels was appropriate to assist the gambling industry during this period of difficult trading conditions, whilst posing minimal risks to the licensing objectives in terms of protecting children and vulnerable adults from harm caused by gambling.

### What policy options have been considered? Please justify any preferred option.

Government's initial favoured approach was to increase the maximum stake for Category C machines from 50p to 60p, and the maximum prize from £35 to £60. In response to public consultation on that proposal the industry provided strong evidence as to why this would not work:

- It would be very difficult for manufacturers to design workable machines;
- It would entail players putting at least two coins in the slot, or being unable to retrieve the 40p residue from a pound – neither option would be attractive;
- BACTA market research indicated that, for these reasons, there would not be a sufficient number of players to warrant a large number of machines to be ordered from manufacturers. They would therefore benefit neither manufacturers nor operators to the extent that government hoped.

In response to the evidence, Government has decided that a more appropriate way forward to assist the seaside arcade and pub sectors would be to increase proposed revised limits and agree to a £1 stake, £70 prize limit for category C machines. This would bring a number of benefits:

- It would keep the present stake to prize ratio (being simply double the present limits of 50p and £35);
- The £1 stake would be a maximum only: most players are expected to bet considerably less, depending on the number of "lines" which they bet on (on average 67p is bet on B3 machines, which have a maximum £1 stake);
- The Gambling Commission have advised that a £1 stake would not pose any significant threat to licensing objectives or increase problem gambling, provided appropriate controls are put in place.

A separate public consultation was carried out on this proposal from 22 December 2008 – 19 January 2009.

For category D machines, Government proposed changes to only certain types of machines – "crane grabs" and "penny falls" or "coin pushers". There would be no change to money prize machines.

For crane grabs, Government originally proposed to increase the maximum stake and the

maximum prize value to 50p and £30 respectively. Stake and prize limits for other types of non-cash prize Category D machines would remain unchanged. In response to public consultation on the proposal, Government accepted arguments from the industry that stake and prize value limits higher than the 50p and £30 levels initially proposed would enable operators to offer more attractive prize items, and by allowing seaside arcades to do so would go a long way to addressing the difficult economic position in which they found themselves. Government therefore felt that limits of £1 and £50 were more appropriate. This revised proposal was publically consulted on during 22 December 2008 – 19 January 2009.

Government also proposed that the maximum stake of mixed cash prize/non-cash prize machines would remain unchanged at 10p, but that for “penny falls” or “coin pushers” only the prize value should increase to £15, of which a maximum of £8 could be cash. The maximum prize on other mixed cash/non-cash prize machines would remain unchanged.

Although prize gaming was not within the scope of the Minister’s announcement, a number of stakeholders submitted proposals in this area and it seemed appropriate to include prize gaming within the 2008 review of category C and D gaming machines. The government proposed to equalise stake and prize limits in Adult Gaming Centres, Family Entertainment Centres and other venues permitted to offer prize gaming with those for Category C machines. Following the government’s decision to revise its proposals this will mean the maximum participation fee for prize gaming would be £1, and the maximum cash prize would be £70. The maximum aggregate prize would remain unchanged at £500 in all cases.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

One year after implementation.

**Ministerial Sign-off** For SELECT STAGE Impact Assessments:

*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:

Gerry Sutcliffe

..... Date: 3<sup>rd</sup> March 2009

## Summary: Analysis & Evidence

<b>Policy Option:</b> Consult on draft SIs	<b>Description:</b> Draft SIs to increase stake and prize limits for category C and D gaming machines, such as those found in family entertainment centres, pubs and clubs
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<b>COSTS</b>	<b>ANNUAL COSTS</b>	<p>Description and scale of <b>key monetised costs</b> by 'main affected groups':</p> <p>Data is not available at present to calculate transition costs to the industry. However, the government's proposals are for maximum stake and prize levels only. The Orders will not impose any increased costs on the industry, as family entertainment centres, pubs and clubs would not be obliged to alter existing machines to conform to new stake and prize levels.</p> <p>In terms of reinvigorating the market, data from the gambling industry suggests that in the first year of implementation some 20% of machines are likely to be replaced with new stake and prize machines. Any increased costs associated with developing or acquiring new machines – initial outlay, Amusement Machine Licence Duty, running costs and VAT – would be more than offset over time by increased revenue.</p>	
	<b>One-off</b> (Transition) <b>Yrs</b>		
	£ Not yet known		
	<b>Average Annual Cost</b> (excluding one-off)		
	£ Not yet known	<b>Total Cost (PV)</b>	£ Not yet known

Other **key non-monetised costs** by 'main affected groups'    None.

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>	<p>Description and scale of <b>key monetised benefits</b> by 'main affected groups'</p> <p>Only partial data is available to government at present:</p> <p>Research carried out by the gambling industry shows that a revised stake and prize limit of 60p/£60 would increase industry revenue by 3.2%, while a revised limit of £1/£70 would increase revenue by 20%.</p> <p>In terms of manufacturing it is estimated that a revised limit of £1/£70 would result in the following volume output for UK manufacturers: 2009 – 45,000 units; 2010 - 40,000 units; 2011 – 30,000 units.</p> <p>An increase of 20% in industry revenue would result in an additional £27m raised in VAT.</p>	
	<b>One-off</b> <b>Yrs</b>		
	£ Not yet known		
	<b>Average Annual Benefit</b> (excluding one-off)		
	£ Not yet known	<b>Total Benefit (PV)</b>	£ Not yet known

Other **key non-monetised benefits** by 'main affected groups'  
Primarily, protection of jobs within seaside arcades and manufacturing.

### Key Assumptions/Sensitivities/Risks

Some groups with concerns about problem gambling may argue that the proposed increase could increase of problem gambling. We take this risk seriously and believe that it will be mitigated by very stringent regulatory and Gambling Commission technical standards and codes of practice governing the use of machines, all of which have been developed to protect the consumer. We will continue to monitor the position through the Gambling Commission's three-yearly prevalence study.

Price Base Year	Time Period Years	<b>Net Benefit Range (NPV)</b> £	<b>NET BENEFIT (NPV Best estimate)</b> £
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What is the geographic coverage of the policy/option?		Great Britain		
On what date will the policy be implemented?		1st quarter 2009/10		
Which organisation(s) will enforce the policy?		Arcades, pubs and clubs		
What is the total annual cost of enforcement for these organisations?		£		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		Yes		
What is the value of the proposed offsetting measure per year?		£ n/a		
What is the value of changes in greenhouse gas emissions?		£ n/a		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro <b>none</b>	Small <b>none</b>	Medium <b>none</b>	Large <b>none</b>
Are any of these organisations exempt?	No	No	No	No
<b>Impact on Admin Burdens Baseline</b> (2005 Prices)		(Increase - Decrease)		
Increase of £	Decrease £	<b>Net Impact</b>	£ Zero	

Key: Annual costs and benefit

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

On 25 June 2008 Gerry Sutcliffe MP, the Minister with responsibility for gambling, announced that in order to examine the case for providing economic assistance to family entertainment centres (such as seaside arcades) and to pubs and clubs, the Department would bring forward a review of Gaming Machine Stakes and Prizes planned for 2009 to this year, in respect of low-stake, low-prize Category C and D machines only. A review of Category B machines will follow in 2009, and all categories will be reviewed again in 2012.

The Minister and officials wrote on 25 June to a range of trade bodies and organisations with an interest in problem gambling to invite them to submit their suggestions for appropriate revised stake and prize limits. Following the end of this initial phase of consultation, and on the basis of suggestions received, the Department formed a view on what revised stake and prize limits would be appropriate and proportionate. These formed the basis of a Consultation Document which was issued in late August 2008. This consultation was entitled "The Gambling Act 2005 (Variation of Monetary Limits for Gaming Machines) Order 2008".

The consultation document suggested a range of options for what stake and prize limits should apply until 2012. For Category C machines, these were:

- 50p/£35 (no change)
- 50p/£50
- 60p/£60
- £1/£70
- £1/100

The consultation document also presented arguments in favour of the Government's favoured options, which were:

#### *Category C machines*

- Increase the stake limit to 60p and the prize limit to £60

#### *Category D machines*

- No change to money prize machines;
- Increase the maximum stake and the maximum prize value for non-money prize machines to 50p and £30 respectively (would apply to 'crane grabs' only);
- Maximum stake of mixed cash prize/non-cash prize machines to remain unchanged, but the prize value for 'penny falls' or 'coin pushers' to increase to £15 (of which a maximum of £8 could be cash)

The consultation closed on 31 October 2008. The majority of respondents welcomed the government's decision to bring forward the review in order to provide economic assistance to certain areas of the [?]. However, a large majority of the consultation responses did not support the Government's proposals. In particular, trade bodies made persuasive representations supported by market research (commissioned by BACTA and undertaken by Brand Driver) in their responses and in subsequent meetings, in favour of the higher limits referred to in the August 2008 consultation.

### *Category C*

Operators and trade bodies were highly critical of the proposed 60p/£60 limit, arguing that it would not provide adequate tangible benefits to family entertainment centres, pubs or clubs. The principle reason for this is that machines with these limits would not be attractive to players:

- It would entail them putting at least two coins in the slot, or being unable to retrieve the 40p residue from a pound – neither option would be attractive;
- Moving away from the present stake to prize ratio (1:70) would also deter players.

They also felt that these levels would not generate adequate new business for machine manufacturers and suppliers. As well as being unattractive to players, the limits would be too low to provide an incentive for manufacturers to develop new machines and for operators to replace legacy machines.

The clear majority of responses argued instead for a minimum stake of £1 and a maximum prize of £70 in order to re-invigorate the market. Many picked up on the point made by the Gambling Commission and included in the consultation document that a £1 stake would not pose any significant threat to licensing objectives or increase problem gambling provided appropriate controls were put in place.

### *Category D*

Around half of those who responded felt that the Government's proposals for adjustments to stake and prize limits on Category D machines would provide the appropriate level of increase, consistent with the licensing objectives. However, there were some important dissenters, including the principal trade bodies for family entertainment centres. Whilst agreeing to the Government's proposals in relation to cash Category D machines (fruit machines) and mixed machines (penny falls/coin pushers), and accepting that increases should apply only to crane grabs among non-cash machines and to penny falls among mixed machines, these bodies argued for a £1 stake and £50 prize value for crane grabs. Bingo clubs also disagreed with the proposals, arguing that they did not give operators the scope to develop new products.

### *Prize gaming*

Organisations representing the bingo industry commented on the Government's proposals for prize gaming. They did not support the linking of prize gaming limits to those applying to Category C machines. They argued instead that a greater increase would be a harmless way of assisting bingo halls and other areas of the industry by giving operators the scope to develop new products and become more competitive.

### *The Government's new proposals*

The Department has revised its view of what would constitute appropriate levels of increase for Category C and D gaming machines. These are set out below.

### *Category C*

On the basis of the representations made by trade associations the Department now accepts that in relation to Category C machines a £1 stake limit and £70 prize limit would bring a number of benefits and is the best way forward:

- BACTA market research suggests that increases on this scale would make machines much more attractive to players than the 60p/£60 option (for instance by retaining the present stake to prize ratio, the proposed limits being simply double the present limits);

- This would therefore have a more beneficial impact across operators and manufacturers;
- A 60p game might be unfair to players. With players predominately use a £1 coin and low denomination notes to play, a 60p game would leave a residual amount, requiring multiples of £3 to be inserted before the residual is used up. This could encourage players to spend more than they wished. A £1 stake would be one way of preventing this problem.
- By not alienating players interested in multi-stake and multi-prize machines, the measure would not tempt operators of soft gambling environments to split existing premises in order to gain an increasingly high proportion of Category B machines;
- The availability of higher prize machines is more likely to encourage operators to replace legacy machines with new ones, invigorating the manufacturing market and providing a range of appealing games as an alternative to Category B machines.
- The £1 stake would be a maximum only: the increasing development of multi-stake, multi-line machines means that customers are likely to stake significantly less on each spin (for Category B3 machines, with a maximum £1 stake, the average staked in [? is?] 67p);  
The Gambling Commission as the Government's statutory adviser on gambling issues has advised that £1/£70 would not give rise to concerns in terms of the Gambling Act objectives, i.e. it does not pose a significant risk of creating increased problem gambling or criminal behaviours;
- The Commission is presently consulting on amendments to its technical standards which, by limiting the speed of play and the potential rate of loss through repeat features, will minimise machines' potential addictiveness.

#### *Category D*

In relation to Category D machines, the Government accepts that for crane grabs only, stake and prize value limits higher than the 50p and £30 levels initially proposed would enable operators to offer more attractive prize items (such as Playstation and X Box games, mobile phones and iPod Shuffles). Tastes have grown more sophisticated over the last decade and allowing seaside arcades to offer prizes such as this would go a long way to addressing the difficult economic position in which they presently find themselves. The Department now feels that limits of £1 and £50 are appropriate.

Raising the limit to £1 would not be a price increase in the conventional sense. Operators would continue to offer a range of stakes and prizes, 10p stake/ £1 prize upwards, with the average likely to be a 33p stake or less. The Department accepts that this would give operators the opportunity to offer the degree of choice that customers expect.

The Government did not, during the August-November consultation period receive any further representations specifically relating to penny fall machines that would warrant it to change its view on these as described in the previous consultation. It therefore maintains its proposal that whilst the maximum stake for these machines remain at 10 pence, the maximum prize should be increased from £8 (of which no more than £5 can be a money prize) to £15 (of which £8 can be a money prize).

#### *Prize gaming*

The Department has heeded the views of certain trade bodies, but does not feel a sufficient case has been made for the Government to reconsider the position it took on this issue in the August 2008 consultation. Therefore, the Department proposes to equalise stake and prize limits in Adult Gaming Centres, Family Entertainment Centres and other venues permitted to offer prize gaming with those for Category C machines, i.e. the maximum participation fee for prize gaming would be £1, and the maximum cash prize would be £70. The maximum aggregate prize would remain unchanged at £500 in all cases.

Results of the specific impact tests are set out below.

#### Competition assessment

In line with OFT guidance we have considered whether the new proposal would directly or indirectly limit the number or range of suppliers, and we have concluded that it would not. Indeed, the measure is intended to help ensure that arcades, pubs and clubs remain open so that existing levels of competition are at least maintained. The proposal is also designed to help halt decline in machine manufacture and increase suppliers' incentives to compete vigorously.

#### Small Firms

The measure would therefore have no adverse impact on small firms.

#### Legal Aid

No impact.

#### Sustainable Development

No impact.

#### Carbon Assessment

There is little available data about the carbon footprint of an individual gaming machine, and the Department would welcome any such data that the industry is able to provide. It is likely that many arcades, pubs and clubs will choose to substitute new machines reconfigured for the increased stakes and prizes. It is unlikely that this relatively modest increase in the number of machines will have a significant impact on carbon emissions.

#### Other Environment

No impact.

#### Health Impact Assessment

We have considered the health and well-being screening assessments in line with current DoH guidance and have concluded that a full health impact assessment will not be required. The proposed measure is unlikely to have a significant health impact, either on the whole population, a major sub group of the population, or in terms of severity of impact.

That said, one of the principal objectives of the Gambling Act 2005 is the prevention of harm from problem gambling and, as with all forms of gambling, the government takes the risks associated with gaming machines very seriously. Problem gambling exists and has links to wider health determinants, and there is some evidence to show that high-stake, high-prize gaming machines such as category B3s are attractive to problem gamblers. However, there are a number of factors which make it less likely that the current proposal would have a significant adverse impact:

- These machines are already available in arcades, pubs and clubs, and higher stake, higher prize machines are available in other gambling premises e.g. casinos and betting shops;

- A range of measures are in place, through regulations and Gambling Commission technical standards, licence conditions and codes of practice, to protect vulnerable customers;
- We will monitor the impact of the new machines carefully through the triennial Gambling Prevalence Study and wider research into problem gambling.

#### Race Equality

No impact.

#### Disability Equality

No impact.

#### Gender Equality

No impact.

#### Human Rights

The provisions of the Order are compatible with the European Convention on Human Rights.

#### Rural Proofing

Pubs and clubs in rural areas would be able to benefit from the measure in the same way as their urban counterparts.

## Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	✓	
Small Firms Impact Test	✓	
Legal Aid	✓	
Sustainable Development	✓	
Carbon Assessment	✓	
Other Environment	✓	
Health Impact Assessment	✓	
Race Equality	✓	
Disability Equality	✓	
Gender Equality	✓	
Human Rights	✓	
Rural Proofing	✓	

ALL RESULTS IN EVIDENCE BASE SECTION. (No annexes)