

Regulatory Returns: Impact Assessment

January 2008

Summary: Intervention & Options

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Available to view or download at: <http://www.gamblingcommission.gov.uk>

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

Under the Gambling Act 2005 (the Act) the licensed gambling industry is required to provide the Gambling Commission (the Commission) with such information as the Commission may require. The mechanism that has been designed to collect this information is a suite of compulsory regulatory returns for specified organisational, operational, financial and social responsibility data. Intervention in the form of requiring operators to complete these returns is necessary to ensure that the Commission can meet the licensing objectives set out in the Act.

What are the policy objectives and the intended effects?

- The Commission has an obligation to provide advice on gambling and the gambling industry to the Secretary of State for Culture, Media and Sport.
- The Commission also needs to monitor compliance with licence conditions and codes of practice by operators in the regulated industry.
- Information must be collected from operators in order to fulfil these requirements.
- The regulatory returns have been designed to provide the Commission with the information it needs, while imposing the minimum necessary administrative burden on the industry.

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

- 1) Monthly returns from casinos & lotteries when lottery draws take place (status quo).
- 2) Only operators who are medium size or greater to complete regulatory returns.
- 3) Annual returns for all operators.
- 4) Annual returns for all operators & quarterly returns for particular sectors. **This is the preferred option** because it is based firmly on an assessment of the relative risk associated with particular sectors. It will therefore ensure that the Commission receives sufficient information to meet its regulatory objectives. While it is the more costly option for operators, it provides more scope for the Commission to offset this cost by reducing the frequency of compliance visits to low risk operators (see fuller assessment of this option at paragraphs 7.9 to 7.15).
- 5) Annual returns for all operators & quarterly returns for large operators but with less information.
- 6) Annual returns for all operators & half yearly returns for all operators but with less information.

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

It is proposed that the policy will be reviewed in May 2010. Data collection began on 1 October 2007, but the majority of returns are expected at the end of the financial year. Therefore, May 2010 will be the date at which two full financial years of data will have been received from the industry.

At the start of the new regulatory regime it is considered essential that all operators complete regulatory returns and this is provided for in all operator licences. When this policy is reviewed it may be considered appropriate to reduce this requirement. For example, in the case of larger, multi-site operators, it may be appropriate to look at whether returns based on a sample of premises might be sufficient. Since regulation is based on an assessment of risk, it may also be possible to agree a reduced requirement in respect of the large number of very small operators if they are considered to be low risk. Decisions on these and any other possible reductions in regulatory burden will be informed by the data received from all operators during the first two years.

Chief Executive sign-off

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 Chief Executive:



Date: 14 January 2008

Jenny Williams
Chief Executive and Commissioner
Gambling Commission

Summary: Analysis & Evidence

Policy Option: 4	Description: Quarterly returns for casino, remote operators and large betting operators; annual returns for all other sectors.
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COSTS	ANNUAL COSTS	Key monetised costs by main affected groups. The largest part of the total annual cost (£188,000 or 38% of the total) is attributable to the betting sector. The next largest is that of the gaming machine supplier sector (£89,423 or 18% of the total) followed by the remote casino, betting and bingo sector (£70,061 or 14% of the total). In terms of average cost for individual operators, the largest burdens are in respect of remote casino, betting and bingo (£452), casino (£367) and gaming machine supplier (£160).	
	One-off (Transition)		Yrs
	n/a		
	Average Annual Cost (excluding one-off)		
	£505,495	Total Cost (PV)	£505,495
Key non-monetised costs by main affected groups. None identified.			

BENEFITS	ANNUAL BENEFITS	Key monetised benefits by main affected groups. n/a	
	One-off		Yrs
	n/a		
	Average Annual Benefit (excluding one-off)		
	n/a	Total Benefit (PV)	n/a
Key non-monetised benefits. The information collected through the regulatory returns will enable the Commission to deploy its compliance resources more effectively; without the returns it is likely that the burden on the industry in respect of inspection visits would be greater, though it is not possible to quantify this accurately. On a broader level, there are clear social benefits to the regulatory regime, of which the returns are a key component, in respect of keeping crime out of gambling and protecting young and vulnerable people from the harmful effects of gambling.			

Key Assumptions/Sensitivities/Risks. This assessment assumes there will be 100% compliance with the requirement to complete the returns, but this is reasonable since operators are legally required to comply. The cost to business of completing the returns has been calculated on the basis of an hourly rate of £20. This is an estimated average figure for the whole industry based on the rate for generic office managers in the UK Standard Cost Model Manual.

Price Base	Time Period	Net Benefit Range (NPV)	Net Benefit (NPV Best estimate)
Year	Years	£	£

What is the geographic coverage of the policy/option?	Great Britain			
On what date will the policy be implemented?	1 October 2007			
Which organisation(s) will enforce the policy?	Gambling Commission			
What is the total annual cost of enforcement for these organisations?	£100,000 (indicative figure)*			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	n/a			
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 £54	Small £143	Medium £137	Large £1,794
Are any of these organisations exempt?	No	No	No	No

* This is the estimated cost of compliance activities in respect of ensuring that the returns have all been submitted as required and on time.

1 What is the problem under consideration?

Summary

- 1.1 The Gambling Commission (the Commission) consulted on its proposals for regulatory returns in the consultation document *Regulatory returns and key events*, published in May 2007. This proposed obtaining certain information from operators both for compliance purposes and to assist in fulfilling the obligation to provide advice on gambling and the gambling industry to the Secretary of State for Culture, Media and Sport. The consultation process provided the industry and other interested parties with the opportunity to make representations on the content and frequency of the regulatory returns. The Commission published its response to these representations in July 2007. Operators will be required to collect the information for the returns from 1 October 2007 with the first return to be submitted to the Commission at either the end of the first quarter or the first year, depending on the sector or size of the operator.

Background

- 1.2 The Gambling Act 2005 (the Act) implemented the government's proposals for reform of the law on gambling. It provides for a new regulatory system to oversee the provision of all commercial gambling in Great Britain (other than the National Lottery and spread betting, which are regulated by the National Lottery Commission and the Financial Services Authority respectively). The Commission, which was established on 1 October 2005, succeeded the Gaming Board as the body responsible for regulating gambling.
- 1.3 From 1 September 2007, the Commission has taken on the new responsibility of regulating almost all betting and British-based remote gambling. Prior to that, the Commission operated under the Gaming Act 1968 (the 1968 Act) and the Lotteries and Amusements Act 1976 (the 1976 Act) in regulating casinos, bingo, gaming machines and lotteries.
- 1.4 The Commission proposed that once operators were licensed and trading they would be required to submit detailed information about the gambling services they provide and about the operation of their business, including aspects of their implementation of social responsibility measures, through regulatory returns. The returns contain elements of routine information that are common to all sectors together with sector-specific sections tailored to the different parts of the industry. The returns include organisational, operational, financial and social responsibility information.

2 Why is government intervention necessary?

Reasons for collecting information

- 2.1 The fact that the Act permits information to be collected from operators is not of itself sufficient justification for doing so. The Commission must have clear reasons for doing so and the four principal reasons for the collection of data are as follows:
- **Compliance risk assessment:** Information will be collected to inform the Commission's risk assessment process; that is, the risk of operators not complying with the licensing objectives (see paragraph 3.1) or with licence conditions or codes of practice. This assessment will help to determine the frequency of compliance visits and the focus of each visit. For example, if an operator reported a significant increase in staff numbers, the compliance manager might focus on staff training at the next visit.
 - **Compliance with licence conditions and codes of practice:** It is the operator's responsibility to comply with licence conditions and codes of practice. The information provided in the returns, particularly in relation to social responsibility activities, will give the Commission a starting point for considering whether the operator has appropriate arrangements in place to ensure compliance.

- **Research and policy:** The Commission is responsible for advising government Ministers on industry matters and for developing new policies, where this is necessary, to secure the continued achievement of the licensing objectives. The regulatory returns will assist with this. For example, financial information relating to the incidence and type of gambling may indicate an increase in a certain type of gambling which the Commission may wish to investigate.
- **Strategic planning:** Information about trends in the industry will inform the Commission's deployment of internal resources, ensuring that its corporate plan reflects regulatory needs. The regulatory returns data will also help the Commission to monitor the scale of the overall regulatory burden imposed on operators and to assess whether regulation is proportionate.

3 Policy Objectives

3.1 Section 1 of the Act sets out three overarching objectives. These are:

- preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime;
- ensuring that gambling is conducted in a fair and open way; and
- protecting children and other vulnerable persons from being harmed or exploited by gambling.

The Commission has a duty to pursue these objectives, to have regard to them wherever appropriate, and to permit gambling in so far as it thinks it is reasonably compatible with the pursuit of these objectives.

3.2 The Act requires the Commission, as part of its regulatory function, to consult on and subsequently publish its proposals for licensing, for monitoring compliance with regulatory requirements and for enforcement action, including the use of financial penalties in the event of breaches.

3.3 The regulatory returns are a key component of the licensing, compliance and enforcement process and as part of this process are designed to ensure:

- operator compliance with licence conditions and codes of practice;
- proportionate compliance by risk assessment;
- transparent, consistent and targeted enforcement activity;
- capability to advise the Secretary of State on industry matters and to develop new policies; and
- provision of information to inform the strategic planning of the Commission.

3.4 Data for the regulatory returns will be collected from 1 October 2007, with the first submission of regulatory returns within one month after the first quarter-end or year-end (as the case may be) after that date. To reduce the burden on operators, the timing of returns can be aligned with operators' own business years rather than the financial year. Returns will be provided on an ongoing basis thereafter.

4 Intended effects

4.1 The regulatory returns will enable the Commission to fulfil the licensing objectives. Following the application and assessment process leading to an operator becoming licensed by the Commission, the operator will be required to complete the regulatory returns. These will provide detailed information on an ongoing basis about the gambling activities provided by operators and about the operation of their business. This will include aspects of their implementation of the social responsibility measures introduced in the Act.

4.2 In formulating policy on regulatory returns, the Commission has taken into account the Hampton principles of better regulation, in particular ensuring that regulation is proportionate, consistent and targeted. A number of factors were taken into account in selecting the chosen policy option, including the need to strike the right balance between meeting the information needs of the Commission whilst ensuring that the administrative burden imposed on the industry is kept as low as possible.

5 Consultation

- 5.1 Since 2005, the Commission has consulted extensively on a range of issues relating to the implementation of the Act and the Commission's proposed administration of the regulatory regime. All consultation and policy documents are available on the Commission's website.
- 5.2 In respect of regulatory returns specifically, the relevant consultation document was *Regulatory returns and key events* (May 2007). The Commission received 19 responses to this document, largely from the gambling industry. As well as commenting specifically on the different sections of the returns, respondents made the following general points:
- it was welcome that the Commission had taken account of industry views prior to consultation, but there were still concerns over some sections of the returns;
 - the Commission should start from the position of requiring the minimum amount of information;
 - the usefulness of the returns was questionable since in some cases both positive and negative conclusions could be drawn from the same information;
 - the Commission should trial the regulatory returns before full implementation;
 - the Commission should clarify the provision relating to disclosure of commercially sensitive information; and
 - the forms needed to be clearer and better laid out.
- 5.3 A full account of the respondent's comments and the Commission's responses was set out in the Commission document *Regulatory Returns and Key Events: Responses* (August 2007).
- 5.4 The Commission also held three workshops with representatives of the gambling industry specifically to look at the Commission's proposals for regulatory returns. The first workshop was held before the consultation in February 2007, the second in June 2007 and the third in November 2007. The last of these was concerned mainly with estimating the time it will take operators to complete the returns. Some modifications were made to the forms following this workshop where modest reductions in the range of data collected made the completion of the returns significantly quicker or simpler.
- 5.5 The development of the regulatory returns was influenced by earlier Commission consultation exercises and the policy developed from them. Of these, the following were of particular relevance to regulatory returns:
- *Licence conditions and codes of practice (LCCP)*;
 - *Licensing, compliance and enforcement*; and
 - *Financial conditions on gambling operators and personal licence holders*.

6 Assessment of the policy options

- 6.1 The options considered cover all sectors of the gambling industry that are covered by the Act. Each option assessment focuses on the administrative burden on operators of preparing and submitting information to the Commission, and the extent to which the Commission is able to fully assess the integrity and suitability of operators, given the information provided, in order to meet the licensing objectives.
- 6.2 The Commission is aware that not all businesses operate on the basis of calendar quarters or standard financial years. In order to avoid the duplication of effort involved in operating two different reporting cycles, it was decided that for both quarterly and annual returns, operators could choose to complete the returns according to their own business cycles. In some cases this means that a quarter is based on a period of 13 weeks starting on a particular day of the week, rather than the normal three calendar months. This will make negligible difference to the data reported, whereas adjusting the data to fit specified dates would be very time-consuming. Where the business day spans two calendar days (notably in the casino sector), operators will not be required to split the days at the start and end of the period between two reporting periods. Most operators are likely to submit data based on the standard financial year, but others will report at other times of the year where they have different financial reporting arrangements. The Commission judges that this will avoid a significant additional burden for some operators, albeit at the cost to the Commission of some of inconvenience in respect of aggregating data.

- 6.3 The assessments of policy options below have been split into two sections, with the frequency of the returns required considered in section 7 and the information required from the industry considered in section 8. The frequency of returns for each option is summarised in the tables at paragraph 7.19 below. The estimated costs for each option are set out in the appendix.

7 Options for the frequency of returns

Option 1

Do nothing and continue with monthly returns from casinos and lotteries returns after each lottery is determined. Estimated total annual cost: £67,680

- 7.1 Under the regulatory regime prior to 1 September 2007 casinos were required to submit monthly returns giving information on the amount of money staked and the pre-tax profit retained by the casino from all wagers made on gaming tables ('drop and win' figures) and information on the number of people playing specified games at specified times ('census' information). Lotteries were required to submit a return within three months of the determination of each draw. This option does not fulfil any of the Commission's objectives as it only covers a small section of the gambling industry and the information received is very limited.
- 7.2 It would not be acceptable to the Commission to continue solely with this arrangement, as it would not assist the Commission to regulate the full range of the gambling industry covered by the provisions of the Act. Therefore, the 'do nothing' or status quo approach has been rejected as an option in its own right. In practice these data flows continue because they are of mutual benefit.

Option 2

Only operators who are medium size or greater need to complete regulatory returns. Estimated total annual cost: £203,305

- 7.3 Since medium and large operators make up a large proportion of the industry in service delivery and financial terms, they pose the biggest potential risk to the licensing objectives and would be the source of information about the greater part of the industry. For example, 87% of betting shops are operated by just five betting operators, less than 1% of the total number of operators. Some 80% of operators overall are able to claim the small scale operator exemption in respect of the need for personal management licences and it could be argued that a similar carve out should be offered in respect of regulatory returns. In some senses there would be diminishing returns in requiring equal amounts of data from much smaller concerns. The small operators represent a lower level of financial risk, so requiring less compliance activity, which might therefore suggest less of a need for regulator information. Since the fee system is effort based, there is proportionately less resource available for compliance activities by the Commission in respect of smaller licensees. The administrative burden on the industry for this option would be very low.
- 7.4 After due consideration, the Commission felt that this would not be the best approach. Excluding the small operators from submitting regulatory returns would put the Commission at risk of not fulfilling its objectives of ensuring that all operators were compliant. Although the impact of failures in the smaller operators may be smaller, the likelihood of failures may in fact be higher because of smaller capacity and simpler systems. Furthermore, a lack of data at the smaller end of the scale could mean that the Commission focused on and delivered strategic planning that was biased towards the larger operators, without paying due regard to the needs and interests of the small operators. This could put the public at risk as the Commission could not ensure that all operators were being compliant. Small operators (as defined by fee band) make up about 70% of the gambling industry in terms of the number of operators and the Commission would be lacking data across a large number of operators.
- 7.5 Having two-yearly or three-yearly returns for the small operators was considered, but this approach could be equally demanding of the smaller operators (over time, familiarity with the returns is expected to make completion easier) and the data would be of less value to the Commission because it would be out of date and less sensitive to trends.

Moreover, reporting and tracking the information over a long period of time may affect accuracy and the Commission would not be able to act on the information provided in a pro-active manner. The Commission therefore rejected this option.

Option 3

Annual returns for all operators. Estimated total annual cost: £322,834

- 7.6** The Commission considered requiring regulatory returns from all operators on an annual basis, regardless of size or sector. This option would be comparatively well-received by the industry as it could be made to coincide with operators' annual financial reporting year, thereby avoiding duplication of effort. This option would be likely to be more acceptable to the industry since the requirements would be the same for everyone, although again, smaller operators have suggested that it is overly burdensome on them to expect the same range of data from them as from large companies. This option might commend itself to the Commission to the extent that the volume of information that would need to be managed and analysed would be less than with other options.
- 7.7** However, the main weakness of this option is that it would limit the usefulness of the returns, particularly for the larger operators and others that the Commission wanted to focus on, as the data would be up to a year old. Annual returns may be acceptable for some of the smaller operators, where some of the events captured by the returns are not frequent occurrences, but would not be appropriate for other, larger operators. This option could put the Commission at risk of failing to fulfil its objectives, as without more frequent information there may be unacceptable delays in becoming aware of matters requiring investigation or follow up.
- 7.8** The Commission needs to find the right balance between its requirements in respect of the regulatory objectives and the administrative burden to the industry. This option does not fulfil those requirements and therefore is rejected.

Option 4

Annual returns for all operators & quarterly returns for particular sectors. Estimated total annual cost: £505,495

- 7.9** This option is based on an assessment of the relative risk associated with particular sectors. Casinos, remote operators and large betting operators would be required to submit quarterly returns because of their scale (the value of the business and/or the number of customers), and in some cases the particular risks associated with the potential for money laundering and/or use of the proceeds of crime. All other sectors would be required to submit annual returns in view of the relatively lower levels of risk.
- 7.10** Having both annual and quarterly returns would provide the Commission with essential data on broad trends in the industry. It would also enable the Commission to identify specific sectors or operators that might require closer inspection which would allow effective targeting of compliance resources through the annual programme of visits.
- 7.11** The greater amount of, and more up to date, information provided through quarterly returns would enable the Commission to regulate the sectors concerned more effectively. Although this would create more work for the operators, it would also make it possible to reduce the frequency of compliance visits to those operators where information from returns did not indicate cause for concern.
- 7.12** As remote casinos, bingo and betting have not previously been regulated in the same way, and constitute a relatively new sector in the industry, quarterly returns will also help the Commission to gain a better understanding of the issues relevant to these operators, such as how a remote operator can detect a potential problem gambler and how advice on problem gambling can best be made available to users. The social responsibility concerns are not necessarily greater in the remote sector, but they are different from those in premises-based sectors.

7.13 Although some respondents to the consultation proposals questioned the suggestion that some sectors represent a higher risk than others, the Commission’s position is supported by an assessment of which sectors have a higher impact due to size and type of activity. It is only these that will be subject to the quarterly data requirement under this option. The Commission is fully aware of the need to minimise the burden on the industry and in particular on the smaller operators. Following the consultation, the threshold at which the betting sector will be asked for quarterly returns was raised from fee band C to fee band D.

7.14 The Commission therefore considers this option would be proportionate in terms of the administrative burden placed on the industry. Consequently this is the preferred option.

Option 5

Annual returns for all operators & quarterly returns for large operators, but with less information. Estimated total annual cost: £511,000

7.15 Under this option the frequency of returns is determined by the size of the operator rather than the potential risk posed by any particular sector. The quarterly returns would require a smaller number of data items than the annual returns. This option would enable the Commission to go some way to meeting its objectives whilst at the same time keeping the administrative burden on the industry relatively low. Compared to option 4, this would be less of a burden on small operators and it would also provide the Commission with regular information on large operators, although the information would be less useful.

7.16 The weakness of this option is that no distinction is made between large operators in different sectors; it assumes that large operators per se are more of a risk than small ones, whereas it might be argued that in some cases large operators are less of a risk because they have the capacity to maintain better management systems than smaller operators. The Commission’s view is that this option is not sufficiently targeted and consequently would not give sufficient information to enable the Commission to meet its regulatory objectives. Therefore this option has been rejected.

Option 6

Annual returns for all operators & half yearly returns for all operators but with less information. Estimated total annual cost: £484,326

7.17 As with option 5, this option would enable the Commission to go some way to meeting its objectives. The coverage would be broad with both annual and half yearly returns required from all operators, although with a reduced content for the half-yearly returns.

7.18 However, compared with other options the burden on smaller operators would be greater without any significant benefit to the Commission. The existence of two different returns may also create confusion and difficulties for some operators. In addition, up to date and detailed information would be lacking in respect of those sectors which are of particular interest to the Commission. For these reasons this option has been rejected.

Frequency of returns by sector for each policy option

7.19 The tables below show the frequency of returns for each of the options set out above.

	Option 1		Option 2		Option 3	
	Annual	Monthly	Annual	Quarterly	Annual	Quarterly
Adult gaming centre			X		X	
Family entertainment centre			X		X	
Gaming machine manufacturer			X		X	
Gaming machine supplier			X		X	
Gaming machine software			X		X	

Gambling software			X		X	
Betting*			X	X	X	
Bingo			X		X	
Casino**		X		X	X	
External lottery manager***	Ad hoc			X	X	
Society lottery***	Ad hoc		X		X	
Remote casino, betting & bingo				X	X	

* Annual returns for smaller operators (A to C) and quarterly returns for large operators (D to E) for option 2.

** Monthly 'drop and win' and 'census' returns for option 1.

*** Returns required within three months of the determination of a lottery for option 1.

	Option 4		Option 5		Option 6	
	Annual	Quarterly	Annual	Quarterly**	Annual	Half Yearly***
Adult gaming centre	X		X	X	X	X
Family entertainment centre	X		X	X	X	X
Gaming machine manufacturer	X		X	X	X	X
Gaming machine supplier	X		X	X	X	X
Gaming machine software	X		X	X	X	X
Gambling software	X		X	X	X	X
Betting*	X	X	X	X	X	X
Bingo	X		X	X	X	X
Casino	X	X	X	X	X	X
External lottery manager	X		X	X	X	X
Society lottery	X		X	X	X	X
Remote casino, betting & bingo	X	X	X	X	X	X

* Annual returns for smaller operators (A to C) and quarterly returns for large operators (D to E) for option 4.

** Quarterly returns for large operators but with less information provided by operators.

*** Half yearly returns for all operators but with less information provided by operators.

8 Options for information required from operators

Background

- 8.1** The Commission considered what information would be relevant, appropriate and necessary from each sector of the industry and, in some cases, from specific categories of operator within a sector. A further consideration was which data items would be common to most or all sectors and would enable the Commission to build up a picture of the gambling industry as a whole and also to identify differences between sectors or between operators. Some operators operate in more than one sector, which means that they will need to complete more than one return. So far as was possible, the common elements in the returns were worded in the same way and presented in the same order.
- 8.2** The type of information required for the regulatory returns was informed by a number of factors:
- gathering objective information;
 - ensuring a proportionate administrative burden on the industry;
 - assessing the areas of risk within sectors to enable the Commission to ask for relevant data; and
 - ensuring that the information will help the Commission to meet its objectives.
- 8.3** Furthermore, each possible data item was subject to two key tests. These were:
- Is there a section in the Act or a provision in the licence conditions and codes of practice that justifies inclusion of the data item?
 - Is there a clearly defined, appropriate and reasonable use to which the information will be put?

- 8.4** The four main risk areas which the Commission has identified are: operational, financial, compliance and risks to the licensing objectives. By collecting information from operators in respect of these, the Commission will be able to carry out its compliance activities partly by means of data analysis and comparison. Whereas it would not be feasible to carry out compliance visits to all operators because of the large numbers involved, much greater coverage will be achieved by means of the regulatory returns.
- 8.5** The addition of the betting and arcades sectors to the regulated industry greatly increases the number of licensed operators. The coverage of compliance visits as a proportion of the total number of operators regulated will be lower than under the old regulatory regime, where all casinos and bingo premises were visited, although the total number of visits may initially rise. Once the comprehensive risk assessment of all the sectors has been completed, the Commission would expect to reduce the number of visits.

Common Elements

- 8.6** The following are standard information requirements and appear in all regulatory returns:
- operator's Gambling Commission licence number;
 - period covered by the regulatory return;
 - contact information;
 - workforce information; and
 - social responsibility contribution.
- 8.7** The first three of these are administrative items: they record who the return comes from (including the licence number), which period it covers and the details of someone who can be contacted with any queries.
- 8.8** With regard to the workforce section, all operating licences include an information requirement in respect of 'the range of gambling activities provided by the licensee and the number of staff employed in connection with them'. This information will be collected so that the Commission can monitor employment trends in the industry overall and detect variations in trends between different sectors. The Commission considered whether it should record the total workforce or the workforce directly involved in delivering gambling activities and decided that the former was the better measure.
- 8.9** As part of the financial information section, all operators must provide details of contributions made to organisations promoting research, education and treatment in respect of problem gambling. This is a requirement from the social responsibility code of practice and applies to all licensees. It was considered that the question had to go beyond whether a contribution had been made, to obtain information about the means of contribution and the scale of contributions.

Social responsibility information across all sectors

- 8.10** The Act introduces new social responsibilities for the gambling industry. In some cases these formalise existing good practice in the industry, but in others they will require new policies and procedures to be implemented. As one way of monitoring compliance with these requirements and assessing the success of these measures, the regulatory returns collect information about the incidence of a variety of events relating to social responsibility. The Commission recognises that a simple count of these events does not of itself provide a picture of whether an operator has appropriate policies and procedures in place. High numbers of certain events may reflect good practices rather than indicating a problem. At an operator level, the information will be used to estimate the challenges of social responsibility in a particular context and to inform compliance activities. In aggregate form it will provide a picture of social responsibility challenges and activities across the industry.
- 8.11** There are questions on social responsibility in all of the regulatory returns, but questions that are not relevant to a particular sector are omitted. This means that operators who do not have direct gambling customers will have to complete very few such questions since most of these questions relate to interactions of some sort with customers.

Similarly, the questions for operators with licensed premises differ from those operating remotely. For many operators we expect these to be uncommon events and consequently providing information will not be onerous. However, the data, once collected, will confirm whether this is the case or not.

- 8.12** The social responsibility data items included in the regulatory returns area as follows:
- disputes and complaints;
 - self-exclusions made and known breaches of self-exclusion;
 - self-excluded individuals opting to return to gambling;
 - underage people entering licensed premises or gambling (for premises and activities limited to over 18s);
 - customer interactions (provision to an individual of guidance or advice about problem gambling);
 - individuals and incidents logged in the customer interaction log;
 - incidents, on gambling premises, requiring police assistance;
 - suspicious activity reports (under proceeds of crime legislation – for casinos, betting, adult gaming centres (AGCs) and remote operators); and
 - details of social responsibility training provided to employees.
- 8.13** These topics are all covered in the Licence Conditions and Codes of Practice and careful consideration was given to the best indicator or indicators for each one. Specific questions were asked as part of the consultation process in order to test stakeholder opinion on the data items that would best demonstrate compliance with these new provisions. Including the requirement to report on these matters ensures that operators will be aware of the importance of social responsibility.
- 8.14** The provision of these data items will assist the Commission to assess compliance with the licensing objectives, in particular those of protecting children and vulnerable people from harm associated with gambling and keeping crime out of gambling. Collection of this information is considered to be the least onerous means by which the Commission can make judgements as to whether operators are complying with government regulations, or to highlight gaps in policies and procedures regarding social responsibility.

Sector-specific elements

- 8.15** Each operator must answer a range of questions relevant to the type of business of the sector concerned. A general licence condition on all operating licences requires information on ‘the range of gambling activities provided by the licensee...’ and the sector-specific data items largely quantify the gambling activity in a way that is relevant to the particular type or types of gaming or gambling.
- 8.16** These elements were discussed with industry representatives at the regulatory returns workshops convened by the Commission. The Commission is grateful to the trade associations for their assistance in involving a wide range of stakeholders, so that a range of perspectives were available for consideration. The Commission recognises that the accessibility of data and the sophistication of the operational systems will vary considerably across the industry. The returns were modified in response to concerns raised by the industry and in general the Commission has tried to keep the returns as simple as possible.
- 8.17** Most of the information requested will be routinely collected by operators. Provision of the data through the returns should reduce the need for compliance visits to operators by the Commission’s officers.

Key events for immediate notification by operators

- 8.18** The Commission is committed to maintaining up to date information that will enable monitoring of financial stability and other potential risks to regulatory compliance. This will help with putting in place appropriate, risk-based compliance arrangements for operators.

In addition to the regulatory returns themselves, the consultation exercise considered a list of proposed key events of which immediate notification would be required, which was subsequently confirmed as follows:

- liquidation, administration or receivership of group companies, in particular those providing guarantees;
- bankruptcy of a licensee who is an individual;
- auditor replacement (other than routine audit rotation);
- changes in key personal management licence (PML) holders;
- business restructuring;
- breaches of banking covenants or difficulties in meeting any debt repayments;
- material litigation which, in the operator's opinion, is likely to proceed to a substantive hearing or be settled for a significant sum;
- instances of internal and external fraud or theft above £10,000; or
- incidents of staff discipline involving findings or potential findings of gross misconduct against PMLs and personal functional licences (PFLs).

8.19 The list of key events to apply from 1 September 2007 was published in the Commission document *Licence Conditions and Codes of Practice* (June 2007).

8.20 Operators will only provide this information if these events occur, and are requested to do so as soon as practical and within five working days. They are not expected to be common events and so this requirement should not be onerous.

9 Economic impact

9.1 The provision of regulatory returns information by operators will involve the extraction of data from various records held by operators. The Commission considers that the majority of operators will not incur any additional one-off costs to enable them to comply with the completion of the returns. Much of the information is routine business information which will be required for other operational purposes. Any smaller operators who have not previously kept records will be able to introduce simple systems to record the data that is requested. It is not thought that operators will need to procure any external professional assistance with completing the returns.

9.2 The table below shows a summary of the administrative burden costs by each policy option (excluding any one-off costs). Further information on the details and assumptions used for the calculations can be found in the appendix:

Option	Total annual cost (£)	Annual average unit cost (£)
1 Status quo - monthly returns from casinos & lotteries when lottery draw takes place.	67,680	109*
2 Only operators who are medium size or greater need to complete regulatory returns.	203,305	54**
3 Annual returns for all operators.	322,834	86
4 Annual returns for all operators, quarterly returns for particular sectors (chosen option)	505,495	134
5 Annual returns for all operators & quarterly returns for large operators with less information.	511,000	136
6 Annual returns for all operators & half yearly returns for all operators but with less information.	484,326	129

* Based on 58 casino operators and 564 society lotteries and external lottery managers. In practice the status quo option has also been implemented since these data flows have not been discontinued.

** Based on the figure for all operators, even though only medium size or greater would be required to complete returns. If smaller operators were excluded the average unit cost would be £673.

10 Competition assessment

- 10.1** The Commission does not expect changes in the structure of the gambling industry as a result of the requirement to complete regulatory returns. The requirement is applied across all of the licensed gambling industry in Great Britain, except the National Lottery and spread betting, and it is not expected that there will be any differential impact on new firms.
- 10.2** The commercial gambling operations that will be affected by the requirement include:
- 8,500 betting (bookmakers) outlets;
 - 59 racecourses;
 - 30 greyhound tracks;
 - 657 commercial bingo clubs;
 - at least 142 casinos licensed under the 1968 Act and new casinos to be licensed under the Gambling Act 2005;
 - 660 society lotteries;
 - 835 family entertainment centres (FECs); and
 - 825 AGCs.
- 10.3** Any new entrant to the regulated industry will be required to put in place policies and procedures to ensure compliance with the specific licence conditions and codes of practice required under the Act. The Commission considers that the additional impact of the need to generate the data to complete the regulatory returns will be a minimal addition to the cost of establishing these policies and procedures. Consequently we do not consider that the requirement to complete regulatory returns represents a significant barrier to entry, such as to affect fair and effective competition.

11 Small firms impact test

- 11.1** The Commission has considered carefully the impact of the regulatory returns on the approximately 1,300 small firms in the gambling industry, as is demonstrated in the assessment of the different policy options. The Commission considers that the requirements to be placed on these firms are appropriate and proportionate to the scale of the activities undertaken.
- 11.2** The preferred option for the regulatory returns requires small and large firms to provide information on the same areas. However, the amount and complexity of information will be less for smaller firms. Particularly with regard to the social responsibility data items, the events being reported on by small firms are likely to be infrequent and a simple recording method will be sufficient.
- 11.3** There are exemptions for small scale operators from the requirement to have at least one personal licence for management functions, as set out in section 129 of the Act, and this will reduce the regulatory impact on small firms. However, an exemption of this nature was not considered to be appropriate with respect to the regulatory returns, as is discussed under the consideration of Option 2.
- 11.4** The Commission's compliance activities will be determined by a thorough assessment of risk. Small businesses have a relatively low impact level and therefore would in general be subject to lower compliance activity than larger firms that potentially have a higher impact. This was a major contributory factor in determining which returns should be quarterly and which annual.

12 Legal aid

- 12.1** The Commission does not consider that the regulation will have any impact on demand for legal aid. Under the provisions of the Act operators are legally required to complete the returns.

13 Sustainable development and environmental impact

- 13.1** The Commission does not consider that there are any significant environmental considerations - such as in respect of sustainable development or carbon emissions - attributable to actions taken by the industry in complying with the regulation.

14 Health impact

- 14.1** If gambling continues to increase in popularity and becomes more socially acceptable, there is a risk that occurrences of problem gambling will also increase. As well as being harmful to individuals, problem gambling can be detrimental to the family and friends of those affected and to society in general. The problems associated with excessive gambling are evident not only in the finances and material well-being of those affected by it, but also in their physical and mental health.
- 14.2** The regulatory returns are a key component of the wider regulatory regime and as such help the Commission in limiting the prevalence of problem gambling. During the consultation period it was clear that operators recognise the value and importance of this information and the expectation is that they too will use the information to inform their own social responsibility activities.
- 14.3** The Commission has a responsibility to assess the extent of problem gambling. This is being done through the British Gambling Prevalence Survey which will provide a solid evidence base for developing policies and practices. The last survey was published in September 2007 and it will be repeated every three years, collecting information on gambling activity and views on gambling. Respondents will also be asked for information on their age, gender, ethnic grouping, educational attainment and income. Information from the survey will be available to the Commission to supplement information from other sources for the purpose of developing compliance and enforcement policies.
- 14.4** The Commission works closely with the Department for Culture, Media and Sport and the Department of Health to ensure that problem gambling is adequately understood and that the Commission's policies ensure that gambling is conducted in a socially responsible way. The Commission also works closely with the Responsibility in Gambling Trust, an independent charity set up to tackle problem gambling through the funding of education, research and treatment.

15 Impact on equality and human rights

- 15.1** As a public body the Commission has specific responsibilities to promote equality and eliminate unlawful discrimination, and must assess all of its proposed policies and practices in relation to their consequences in this regard. This particular policy – the regulatory returns - has been implemented to ensure that the Commission is able to collect data from the gambling industry and in itself does not have a direct impact on the public. The Commission is therefore satisfied that this regulation will not directly impact on matters to do with race, disability or gender equality, or with human rights issues.
- 15.2** The Commission will provide any advice and support necessary to gambling operators completing the returns.

16 Impact on rural areas

- 16.1** There is no reason to suppose that operators or outlets located in rural areas will be at a disadvantage from the requirement to complete regulatory returns. This was not raised in the consultation exercise. The Commission therefore does not consider that the requirement will have a differential impact on rural areas.

17 Sectors and Groups affected by the regulation

- 17.1** All sectors of the gambling industry, except the National Lottery and spread betting, are affected by the regulation. This includes anyone wishing to enter the industry or to sell specialist equipment to it and the potential and actual staff employed in key roles. This numbers some 3,800 operators, varying from some of the biggest entertainment companies in Great Britain to owner/operators of single arcades and betting shops.

18 International comparisons

- 18.1** The Commission has compared its policies in respect of information requirements with those in operation in other countries. Some regulatory bodies, for example the USA South Dakota Gaming Commission (<http://www.state.sd.us/drr2/reg/gaming/>), produce statistics on revenues gained from each machine held by all operators within that jurisdiction, have a prize register for all operators to complete, and request very specific information in order to regulate the industry. Although the South Dakota Gaming Commission does not collate the information in the form of regulatory returns, it does have more extensive means of collecting specific information than the Commission does.
- 18.2** The Queensland Office of Gaming Regulations (QOGR) in Australia (<http://www.qogr.qld.gov.au/>) requests extensive information from all gambling sectors. This includes information on financial issues, such as financial performance and overdue accounts, new business agreements made with other parties and takings from machines. Much of this information is transmitted by electronic means directly from the operator to QOGR.
- 18.3** Having looked at the regulations and information requirements applied by regulators in other countries, the Commission does not consider that the approach it is taking through the regulatory returns is unjustified or disproportionate.

19 Future considerations

- 19.1** It is proposed that the regulatory returns will be reviewed in May 2010, after two full financial years of data have been received from the industry. This review will encompass the content, coverage and frequency of future returns. At the start of the new regulatory regime it is considered essential that all operators complete regulatory returns and this is reflected in a licence condition imposed on all operators. When this policy is reviewed it may be considered appropriate to reduce this requirement.
- 19.2** In the case of larger, multi-site operators, it may be appropriate in future to accept returns from individual operators based on a sample of premises if there was no reason to suppose that practices were not consistent across all of an operator's outlets. Any such sample would need to cover the geographical spread and other variable factors in order to provide a full picture of the operator.
- 19.3** Since regulation is based on an assessment of risk, it may also be possible to agree a reduced requirement in respect of the large number of very small operators, if they are considered to be low risk. Decisions on these and any other possible modifications will be informed by the experience of the first two years of the regulatory returns.

Specific Impact Tests: Checklist		
Type of testing undertaken	Results in evidence base?	Results annexed?
Competition assessment	Yes	No
Small firms impact test	Yes	No
Legal aid	Yes	No
Sustainable development	Yes	No
Carbon assessment	Yes	No
Other environment	Yes	No
Health impact assessment	Yes	No
Race equality	Yes	No
Disability equality	Yes	No
Gender equality	Yes	No
Human Rights	Yes	No
Rural proofing	Yes	No

Appendix

Calculating the administrative burden

1. The cost of the administrative burden has been calculated using the following formula:

Administrative burden = Price (hourly rate x time taken to complete returns) x **Quantity** (number of operators x frequency of returns to be completed).

2. In order to calculate the administrative burden, the following information was needed: a) the time taken in hours by an operator to complete a return; b) the cost per hour for completing the return; c) the number of operators within the sector; and d) the frequency of returns per annum for each option. It was also necessary to determine the size of operators (micro, small, medium or large) on the basis of fee categories.

Time taken to complete the returns

3. Representatives from across the gambling industry attended a workshop held by the Commission in November 2007 to estimate the time it would take to complete the returns. At the workshop suggestions were made as to how long it would take to complete each section in each of the returns (a different return is produced for each sector, though there are common elements). The Commission then adjusted the data produced at the workshop in order to achieve a consistent approach across the industry in respect of common elements while also allowing for differences between sectors and to reflect changes made to the forms following the workshop. The table below shows the figures that were produced at the end of this process:

Completion of returns	Time in hours by size of operator			
	Micro	Small	Medium	Large
Adult gaming centre	3h 30m	4h 30m	5h 30m	6h 30m
Family entertainment centre	3h 30m	4h 30m	5h 30m	6h 30m
Gaming machine manufacturer		4h 30m	3h 30m	3h 30m
Gaming machine supplier		8h	8h	8h
Gaming machine software		4h 30m	3h 30m	3h 30m
Gambling software		4h 30m	3h 30m	3h 30m
Betting*	1h 30m	3h 30m	9h 30m	211h ***
Bingo	2h	4h 30m	2h 30m	2h 30m
Casino**		4h 30m	2h 30m	2h 30m
External lottery manager		2h	2h	2h
Society lottery	4h	4h	4h	
Remote casino, betting & bingo**		5h 30m	6h 30m	7h 30m

Note: Figures have been rounded up to the nearest half hour. See paragraph 12 below for the figures before rounding.

* The betting return is completed annually by micro, small and medium operators and quarterly by the nine large operators under the preferred option.

** These returns will be completed quarterly under the preferred option, and include a premises-based element for casinos.

*** See explanation in paragraph 4.

4. The time taken to complete the returns by the large betting operators appears out of line with the other sectors because of the very large number of premises involved. Between them the nine largest betting operators have approximately 7,000 premises, and all of an operator's premises will contribute data to that operator's return. If this is averaged out over the number of premises, the time per premises is less than five minutes, compared with 90 minutes for single-premises operators. Industry representatives have suggested that initially it will take the large betting operators longer to complete the returns than indicated here. However, the figures used for these calculations reflect the assumption that it will not take as long to complete the returns after an initial familiarisation period.
5. The range from small to large operators is far less extreme for other operators than it is for the large betting operators. For example, the range in the AGCs is from single-premises operators up to around 200. The largest bingo operator runs around 175 clubs and the largest casino operator runs around 40 casinos.

6. A small number of the largest gambling companies are active in a number of sectors and they will be required to complete separate returns for each one which will add to their individual burden. These are generally operators with well developed and sophisticated systems. Where their portfolio does not include betting, the cumulative effect of the multiple returns will not be onerous; where the large betting operators are also active in other sectors, such as casinos and bingo, the betting component will be very much the largest. It is likely that the time taken to complete the returns will reduce over time as processes are refined.

Cost per hour

7. Since the gambling industry is very diverse, the cost per hour to complete the returns will vary significantly between sectors and between size of operator. In view of this the Commission considers that it is reasonable for these purposes to apply a uniform figure of £20 per hour as an average. This figure is based on the hourly rate for generic office managers listed in the UK Standard Cost Model Manual produced by Better Regulation Executive. It includes a 30% uplift for overhead costs.

Number of operators

8. The figures for the numbers of operators used in the calculations are the figures for the number of operator licences by category issued by the Commission as at October 2007.

Frequency of returns

9. The frequency of returns is determined by which option is being assessed (see summary tables below).

Categories of operator

10. The table below shows the relation of fee categories (A, B, C, D or E) to the categories of operator size (micro, small, medium or large) used in this assessment.

Sector	Micro	Small	Medium	Large
Adult gaming centre	A	B	C	D & E
Family entertainment centre	A	B	C	D & E
Gaming machine manufacturer		A	B	C
Gaming machine supplier		A	B	C
Gaming machine software		A	B	C
Gambling software		A	B	C
Betting	A	B	C	D & E
Bingo	A	B	C	D & E
Casino		A	B	C
External lottery manager		A	B	C
Society lottery	A	B	C	
Remote casino, betting & bingo		F	G	H

Summary of costing tables for each policy option

11. The tables below show the summary of the administrative costs for each policy option. The Units column indicates the number of operators within each sector. The admin burden rate is the total cost of completing the returns for each sector, and the admin unit rate showing the average cost per operator. The second table shows average annual cost by operator size for each sector. Different considerations apply to option 1 where there are costs only for casinos and lotteries.

Policy Option 1: Do nothing and continue with monthly returns from casinos and lotteries returns after each lottery is determined

Sector	Units (operators)	Total annual cost (£)	Average annual unit cost (£)
Casino	58	37,800	652
Society lotteries & external lottery managers	564	29,880	53

The figures in this table have been calculated on the following basis:

- Casinos: 'drop and win' returns take 15 minutes to complete, 'census' returns take 30 minutes to complete; hourly rate is £30.
- Lotteries: there are 18,000 returns submitted annually and each takes five minutes to complete; hourly rate is £20.

Policy option 2: Only operators who are medium size or greater need to complete regulatory returns. Frequency is based on the consultation document

Sector	Units (operators)	Total annual cost (£)	Average annual unit cost (£)
Adult gaming centre	569	1,745	3
Family entertainment centre	341	562	2
Gaming machine manufacturer	50	2,255	45
Gaming machine supplier	559	1,583	3
Gaming machine software	7	68	10
Gambling software	28	683	24
Betting	1,264	164,086	130
Bingo	173	193	1
Casino	58	13,428	232
External lottery manager	16	1,734	108
Society lottery	548	5,867	11
Remote casino, betting & bingo	155	11,101	72
Total	3,768	203,305	*54

* Average unit cost. This includes all operators, even though only medium size or greater will be required to complete returns. If smaller operators were excluded the average unit cost would be £673.

Sector	Average annual cost (£) by operator size			
	Micro	Small	Medium	Large
Adult gaming centre	n/a	n/a	108	128
Family entertainment centre	n/a	n/a	108	128
Gaming machine manufacturer		n/a	68	68
Gaming machine supplier		n/a	158	158
Gaming machine software		n/a	68	0
Gambling software		n/a	68	68
Betting	n/a	n/a	188	16,913
Bingo	n/a	n/a	48	48
Casino		n/a	207	1,593
External lottery manager		n/a	133	133
Society lottery	n/a	n/a	73	
Remote casino, betting & bingo		n/a	513	593
Average unit cost by size of operator	n/a	n/a	145	1,803
Are any of these organisations exempt ?	Yes	Yes	No	No

Policy option 3: Annual returns for all operators

Sector	Units (operators)	Total annual cost (£)	Average annual unit cost (£)
Adult gaming centre	569	40,927	72
Family entertainment centre	341	23,827	70
Gaming machine manufacturer	50	3,785	76
Gaming machine supplier	559	89,423	160
Gaming machine software	7	608	87
Gambling software	28	2,303	82

Betting	1,264	90,760	72
Bingo	173	7,448	43
Casino	58	5,317	92
External lottery manager	16	538	34
Society lottery	548	40,381	74
Remote casino, betting & bingo	155	17,515	113
Total	3,768	322,834	*86

* Average unit cost

Sector	Average annual cost (£) by operator size			
	Micro	Small	Med	Large
Adult gaming centre	68	90	108	128
Family entertainment centre	68	90	108	128
Gaming machine manufacturer		90	68	68
Gaming machine supplier		160	158	158
Gaming machine software		90	68	0
Gambling software		90	68	68
Betting	23	70	188	4,228
Bingo	38	90	48	48
Casino		98	52	398
External lottery manager		35	33	33
Society lottery	73	75	73	
Remote casino, betting & bingo		110	128	148
Average unit cost by size of operator	54	91	92	492
Are any of these organisations exempt?	No	No	No	No

Policy Option 4: Annual returns for all operators, quarterly returns for particular sectors. Frequency as per consultation document

Sector	Units (operators)	Total annual cost (£)	Average annual unit cost (£)
Adult gaming centre	569	40,927	72
Family entertainment centre	341	23,827	70
Gaming machine manufacturer	50	3,785	76
Gaming machine supplier	559	89,423	160
Gaming machine software	7	608	87
Gambling software	28	2,303	82
Betting	1,264	204,925	162
Bingo	173	7,448	43
Casino	58	21,268	367
External lottery manager	16	538	34
Society lottery	548	40,381	74
Remote casino, betting & bingo	155	70,061	452
Total	3,768	505,495	*134

* Average unit cost

Sector	Average annual cost (£) by operator size			
	Micro	Small	Med	Large
Adult gaming centre	68	90	108	128
Family entertainment centre	68	90	108	128
Gaming machine manufacturer		90	68	68
Gaming machinesupplier		160	158	158
Gaming machine software		90	68	0
Gambling software		90	68	68
Betting	23	70	188	16913
Bingo	38	90	48	48
Casino		392	207	1593
External lottery manager		35	33	33
Society lottery	73	75	73	

Remote casino, betting & bingo		440	513	593
Average unit cost by size of operator	54	143	137	1794
Are any of these organisations exempt?	No	No	No	No

Policy option 5: Annual returns for all operators and quarterly returns for large operators with less information

Sector	Units (operators)	Total annual cost (£)	Average annual unit cost (£)
Adult gaming centre	569	42,082	74
Family entertainment centre	341	24,020	70
Gaming machine manufacturer	50	4,811	96
Gaming machine supplier	559	89,899	161
Gaming machine software	7	608	87
Gambling software	28	2,509	90
Betting	1,264	262,010	207
Bingo	173	7,593	44
Casino	58	8,907	154
External lottery manager	16	942	59
Society lottery	548	49,213	90
Remote casino, betting & bingo	155	18,406	119
Total	3,768	511,000	*136

* Average unit cost.

Sector	Average annual cost (£) by operator size			
	Micro	Small	Med	Large
Adult gaming centre	68	90	108	321
Family entertainment centre	68	90	108	321
Gaming machine manufacturer		90	68	171
Gaming machine supplier		160	158	396
Gaming machine software		90	68	n/a
Gambling software		90	68	171
Betting	23	70	188	10,571
Bingo	38	90	48	121
Casino		98	28	1,496
External lottery manager		35	33	84
Society lottery	73	75	73	
Remote casino, betting & bingo		110	128	371
Average unit cost by size of operator	54	91	90	1,275
Are any of these organisations exempt?	No	No	No	No

Policy option 6: Annual returns for all operators and half yearly returns for all operators but with less information

Sector	Units (operators)	Total annual cost (£)	Average annual unit cost (£)
Adult gaming centre	569	61,405	108
Family entertainment centre	341	35,751	105
Gaming machine manufacturer	50	5,679	114
Gaming machine supplier	559	134,135	240
Gaming machine software	7	913	130
Gambling software	28	3,455	123
Betting	1,264	136,169	108
Bingo	173	11,176	65
Casino	58	7,977	137
External lottery manager	16	808	51
Society lottery	548	60,585	111
Remote casino, betting & bingo	155	26,273	170
Total	3,768	484,326	*129

* Average unit cost.

	Average annual cost (£) by operator size			
	Micro	Small	Med	Large
Adult gaming centre	103	135	163	193
Family entertainment centre	103	135	163	193
Gaming machine manufacturer		135	103	103
Gaming machinesupplier		240	238	238
Gaming machine software		135	103	n/a
Gambling software		135	103	103
Betting	35	105	283	6,343
Bingo	58	135	73	73
Casino		147	78	598
External lottery manager		53	50	50
Society lottery	110	113	110	
Remote casino, betting & bingo		165	193	223
Average unit cost by size of operator	82	136	138	738
Are any of these organisations exempt?	No	No	No	No

Background calculations for option 4

12. The tables below show how the cost figures for option 4, the Commission's preferred option, were calculated. Under this option, all operators provide annual returns and some sectors provide quarterly returns.

Note: Because of rounding, figures for admin burden costs do not add up to the total figures for each sector in all cases.

Fee category	Number of operators	Time taken to complete forms	Internal/external	Hourly rate (£)	Admin burden cost (£)	Average operator unit rate (£)
Adult gaming centre						
A	493	3h 25m	Internal	20	33,692	68
B	61	4h 30m	Internal	20	5,490	90
C	9	5h 25m	Internal	20	975	108
D	5	6h 25m	Internal	20	642	128
E	1	6h 25m	Internal	20	128	128
Total					40,927	
Family entertainment centre						
A	322	3h 25m	Internal	20	22,005	68
B	14	4h 30m	Internal	20	1,260	90
C	4	5h 25m	Internal	20	433	108
D	1	6h 25m	Internal	20	128	128
E	0	n/a	n/a	n/a	n/a	n/a
Total					23,827	
Gaming machine manufacturer						
A	17	4h 30m	Internal	20	1,530	90
B	23	3h 25m	Internal	20	1,572	68
C	10	3h 25m	Internal	20	683	68
Total					3,785	
Gaming machine supplier						
A	549	8h	Internal	20	87,840	160
B	8	7h 55m	Internal	20	1,267	158
C	2	7h 55m	Internal	20	317	158
Total					89,423	
Gaming machine software						
A	6	4h 30m	Internal	20	540	90
B	1	3h 25m	Internal	20	68	68
C	0	n/a	Internal		n/a	

Fee category	Number of operators	Time taken to complete forms	Internal/external	Hourly rate (£)	Admin burden cost (£)	Average operator unit rate (£)
Total					608	
Gambling software						
A	18	4h 30m	Internal	20	1,620	90
B	8	3h 25m	Internal	20	547	68
C	2	3h 25m	Internal	20	137	68
Total					2,303	
Betting						
A	913	1h 10m	Internal	20	21,309	23
B	279	3h 30m	Internal	20	19,530	70
C	63	9h 25m	Internal	20	11,865	188
D	4	211h 25m	Internal	20	67,653	16,913
E	5	211h 25m	Internal	20	84,567	16,913
Total					204,925	
Bingo						
A	154	1h 55m	Internal	20	5,904	38
B	15	4h 30m	Internal	20	1,350	90
C	2	2h 25m	Internal	20	97	48
D	0	n/a	Internal	20	n/a	n/a
E	2	2h 25m	Internal	20	97	48
Total					7,448	
Casino						
A	20	4h 30m	Internal	20	7,840	392
B	34	2h 25m	Internal	20	7,054	207
C	4	2h 25m	Internal	20	6,373	1,593
Total					21,268	
External lottery manager						
A	3	1h 45m	Internal	20	105	35
B	5	1h 40m	Internal	20	167	33
C	8	1h 40m	Internal	20	267	33
Total					538	
Society lottery						
A	353	3h 40m	Internal	20	25,889	73
B	115	3h 45m	Internal	20	8,625	75
C	80	3h 40	Internal	20	5,867	73
Total					40,381	
Remote casino, betting and bingo						
F	134	5h 30m	Internal	20	58,960	440
G	17	6h 25m	Internal	20	8,727	513
H	4	7h 25m	Internal	20	2,373	593
Total					70,061	

Gambling Commission January 2008

The Gambling Commission regulates gambling in the public interest. It does so by keeping crime out of gambling, by ensuring that gambling is conducted fairly and openly, and by protecting children and vulnerable people from being harmed or exploited by gambling. The Commission also provides independent advice to government on gambling in Britain.

For further information or to register your interest in the Commission please visit our website at: www.gamblingcommission.gov.uk

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