



## Business Impact Targets (BITs)

For Board approval	
For Board briefing	
For Board steer	
For Board information	

**Prepared by:**

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Publish in full	
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## Executive summary

1. This paper provides Board with an update on how the Commission has met its statutory requirements under the Enterprise Act 2016 to conduct Business Impact Target assessments for regulatory changes made during the period May 2015 – June 2017. This is also a Quarter 1 milestone set out in our business plan.
2. Meeting the requirements of the Enterprise Act 2016 does not represent a significant shift in policy or approach for the Commission because we already consider the impact of our requirements (such as licence conditions). However, the requirement for BIT assessments places our approach on a more formal basis, with the requirement (when possible) for impact assessment to be monetised following a particular methodology. It also requires external verification via the Regulatory Policy Committee and for the impact assessments to be published.
3. The Commission is fully committed to the principles which sit behind the Enterprise Act of the need to consider the business impact of the regulatory burdens alongside the regulatory costs and benefits and the importance of transparency of such assessments.
4. Business Impact Target assessments are just one aspect of the Better Regulation agenda that we are engaged with, but given the recent reporting requirements in relation to these assessments, it is timely to provide this update to Board. We intend to provide an update on the wider Better Regulation agenda in the Autumn.

## Background

5. As part of the Government's Better Regulation agenda, the Conservative Party manifesto (for the last Parliament) included a commitment to reduce 'regulatory burden' by £10 billion over the lifetime of the Parliament. As set out in the Enterprise Act 2016, the Business Impact Target (BIT) is a means by which the achievement of this objective can be measured. DCMS was required to contribute £125 million to this total. There is no target for the Commission towards the DCMS contribution.
6. The Commission must produce an assessment of the impact on business of regulatory changes that we make. These are defined as 'qualifying regulatory provisions' or QRPs.
7. The BITs are meant to be a 'light' version of the impact assessments which government departments are required to conduct.
8. Qualifying regulatory provisions must be measured to assess their impact, and in most instances this will be monetised. The Better Regulation Executive (BRE) within the Department for Business Enterprise and Industrial Strategy has produced a calculator to assist regulators in arriving at an impact figure. The impact assessment of all qualifying measures needs to be conducted in a proportionate way, meaning that in some cases, an analysis specific to small businesses will be required.
9. The analysis of impact is subject to scrutiny by the Regulatory Policy Committee (RPC) who are required to sign off (and publish) the Commission's calculations. The RPC's role is to provide a quality check on the accuracy and adequacy of the BIT analysis, not to comment on the change (for example, to a licence condition) in itself, nor on any associated costs. Subject to RPC verification, the Commission also has to publish verified impact assessments to demonstrate transparency.

## Issues

### Qualifying regulatory provisions

10. The period covered by these requirements is the lifetime of the last Parliament. The critical implication of this is that the Commission is required to comply with it retrospectively from 8 May 2015 until 8 June 2017. Notably, this means that assessments had to be produced for all of the changes which were implemented as part of the Strengthening Social Responsibility review, the Crime Review and any changes introduced following the consultation on 'Where gaming machines can be played', all of which have been introduced since May 2015.
11. Examples of QRPs are:
  - a. changes to licence conditions and codes of practice (LCCP) such as the requirement for operators to offer multi-operator self-exclusion.
  - b. Changes in technical standards.
  - c. Certain aspects of operator-facing IT changes, such as the implementation of customer funds reporting for remote operators.

*Note:* As agreed with RPC, we only assess QRPs relating to those remote operators who are based (have an item of key equipment) in GB.

12. The Commission has submitted 21 separate BIT assessments in relation to regulatory changes made during May 2015 – June 2017. Some of these covered more than one measure and were grouped into one BIT. As of 13 June sixteen of these BITs been validated.

### Non Qualifying Regulatory Provisions

13. We are also required to publish an annual summary of non-qualifying provisions (NQRPs). Non-qualifying regulatory provisions include such things as:
  - a. compliance activity, including fines and sanctions against individual operators and redress schemes which business are required to implement<sup>1</sup>
  - b. licence conditions imposed on individual operators (where these do not involve a change of policy)
  - c. enquiry handling
  - d. changes which implement the requirements of EU Directives etc.
14. There is a further category of provisions which are exempt from being a QRP or a NQRP. We have previously agreed with the Better Regulation Executive that the National Lottery is excluded from the requirements of the Act as it falls within the scope of the exemption made for state monopolies.

### Publication of QRPs and NQRPs

15. Due to the General Election being called there have been some changes to the anticipated timetable and the interim requirements were for us to publish just a list of BITs and their scoring by 9 June (see Appendix A for those that have been validated by RPC to date). The full BIT assessment documents will be published on our website

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<sup>1</sup> For example, and relevant to our work on unfair terms with the Competition and Markets Authorities, CMA remedies are considered to be non-qualifying provisions.

when RPC publishes their overall report – which is expected to be towards the end of June

16. The NQRP lists for 2015/16 and 2016/17 have been validated by RPC and are published on our website and are attached at **Annex A**.

## **Recommendations**

17. The Board is asked to note the contents of the paper and the planned next steps as set out below.
18. We will continue to conduct BIT assessments on regulatory changes that are currently out for consultation (eg the Remote Gambling and Software Technical Standards, Regulatory Data Consultation etc) and other future changes that are in scope, and submit these to RPC for validation.
19. We will hold a debrief session with BRE/RPC on how the process has worked so far. We also plan to conduct an internal lessons learned exercise and update our internal training materials and process documents for colleagues conducting BIT assessments in the future.
20. We will provide the Board with updates on our progress in relation to this and other aspects of our and the Government's Better Regulation agenda in the Autumn.

## Appendix A Gambling Commission

Table 1: Qualifying Regulatory Provisions that came into force during the first Business Impact Target reporting period (i.e. 8 May 2015–26 May 2016)			
Title of measure	Description of measure	BIT score (£ millions)	RPC reference number
Changes to Operator Licence Conditions and Codes of Practice - marketing, advertising and fair and open terms	A range of requirements about misleading advertising, rules around gambling advertising, marketing incentives, free bet offers and unfair terms	<i>Validated - zero</i>	RPC-3691(1)-DCMS-GC Gambling marketing, advertising and fair and open terms
Changes to Operator Licence Conditions and Codes of Practice – annual assurance statements	A new requirement on the largest gambling operators, to provide a statement of assurance demonstrating their commitment to compliance with the Licence Conditions and Codes of Practice and improvements to social responsibility	<i>Validated - zero</i>	RPC-3788(1)-DCMS-GC Annual Assurance Statements
Changes to Operator Licence Conditions and Codes of Practice – betting intermediaries	Removal of operator licence condition 12.1.1 relating to tic tacs, as it is no longer no longer relevant. Changes to wording for clarification of requirements in relation to display of rules	<i>Validated - zero</i>	RPC-3649(1)-DCMS-GC (Former) Licence Condition 12 – Betting intermediaries
Changes to Operator Licence Conditions and	Amendment to the current condition for pool betting operators to have annual accounts, certified by a qualified independent	<i>Validated - zero</i>	RPC-3651(1)-DCMS-GC Licence

Codes of Practice – pool betting annual accounts	accountant, so that copies must be made available to the Gambling Commission ‘on request’		condition 13.1.3 – Pool Betting – Annual Accounts
Changes to Operator Licence Conditions and Codes of Practice – provision of credit	The previous provision of credit to members was elevated to a social responsibility code (weight of a licence condition); so that operators who choose to offer credit to customers must carry out procedures such as credit scoring	<i>Validated - zero</i>	RPC-3652(1)-DCMS-GC Social responsibility code provision 3.7.2 - Provision of credit
Changes to Operator Licence Conditions and Codes of Practice – alcoholic drinks	The requirement in relation to alcoholic drinks was extended to all gambling activities, namely “Licensees must not make unsolicited offers of free alcoholic drinks to customers at a time when they are participating in gambling activities”	<i>Validated – zero</i>	RPC-3648(1)-DCMS-GC Social Responsibility Code of Practice Provision SR5.1.3 Alcoholic drinks
Changes to Operator Licence Conditions and Codes of Practice – responsible gambling information	Requirement for Information on responsible gambling must be available to players through relevant methods, must be available in a form that may be taken away from the premises (eg leaflets) and may also be made available through the use of links for online or smart technology	<i>Validated - zero</i>	RPC-3690(1)-DCMS-GC Amendments to social responsibility code provision 3.3.1 Responsible Gambling Information
Changes to Operator Licence Conditions and Codes of Practice – customer interaction	Range of provisions around self-exclusion, schemes including signposting counselling and support services, minimum self-exclusion period, policies and procedures to prevent breaches	<i>Validated - £5.5m</i>	RPC-3718(1)-DCMS-GC Multi-operator self-exclusion and related changes

Changes to Operator Licence Conditions and Codes of Practice – gambling management tools for remote operators	Range of provisions relating to setting financial limits, introduction of time outs and reality checks and changes to auto play functionality	<i>Validated - zero</i>	RPC-3720(1)-DCMS-GC Review of gambling management tools for remote gambling operators
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**Table 2: Qualifying Regulatory Provisions that came (or are expected to come) into force during the second and final Business Impact Target reporting period (i.e. 27 May 2016–8 June 2017)**

<b>Title of measure</b>	<b>Description of measure</b>	<b>BIT score (£ millions)</b>	<b>RPC reference number</b>
Changes to Operator Licence Conditions and Codes of Practice – Betting Integrity	Customers must not breach rules about irregular and/or suspicious betting or misuse of inside information relevant to a Sports Governing Body, or other professional body of which they are a member or their employers	<i>Validated - zero</i>	RPC-3729(1)-DCMS-GC Changes to: Betting integrity (LCCP Ordinary code provision 4.2.8) and Gambling staff and irregular betting (LCCP Ordinary code provision 7.1.3 )
Changes to Operator Licence Conditions and Codes of Practice – prevention of money laundering and terrorist financing	New licence condition requiring relevant licensees to conduct an appropriate assessment of Anti Money Laundering risks to their business, take account of this assessment to develop appropriate policies, procedures and controls and implement them effectively.	<i>Validated £1.5m</i>	RPC-3719(1)-DCMS-GC The prevention of crime related measures – prevention of money laundering and terrorist financing (licence condition 12.1.1)
Changes to Operator Licence	New requirement on licensees to report their involvement in criminal investigations where the Commission could reasonably	<i>Validated - zero</i>	RPC-3668(1)-DCMS-GC The Prevention of Crime Related

Conditions and Codes of Practice – prevention of crime related measures	be expected to question whether they had taken sufficient steps to keep crime out of gambling.		measures – Cash and Cash Equivalents
Changes to Operator Licence Conditions and Codes of Practice– remote betting hosts and remote game hosts	The creation of a new type of licence for business to business casino and bingo game host licensees (that host games that gambling business can then offer to consumers). This measure is deregulatory, and it carves them out of requirements they are currently subject to	<i>Validated - Zero</i>	RPC-3653(1)-DCMS- GC Licence Condition 3.1.3 – remote betting hosts and remote game hosts
<i>Changes to the testing strategy for compliance with remote gambling</i>	A review of some of the requirements set out for remote gambling and software technical standards issued by the Gambling Commission under section 89 and section 97 of the Gambling Act 2005	<i>Validated (minus)- £2.0m</i>	RPC-3654(1)-DCMS- GC Testing strategy for compliance with remote gambling
Changes to Operator Licence Conditions and Codes of Practice – gaming machines in gambling premises	The changes seek to ensure the environment and manner in which category B gaming machines are made available is consistent with the regulatory framework implemented by Government to minimise the risk to the licensing objectives posed by gaming machines	<i>Validated - zero</i>	RPC-3650(1)-DCMS- GC Social responsibility code provision 9 - Gaming machines in gambling premises