

EXPLANATORY MEMORANDUM TO
THE GAMBLING ACT 2005 (LIMITS ON PRIZE GAMING) REGULATIONS
2009

2009 No. 1272

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.

2. **Purpose of the instrument**

These Regulations replace the Gambling Act 2005 (Limits on Prize Gaming) Regulations 2007 (S.I. 2007/1777) (“the 2007 Regulations”). The purpose of the Regulations is to prescribe certain monetary limits applicable to prize gaming. Prize gaming, as defined in section 288 of the Gambling Act 2005 (c. 19) (“the 2005 Act”), is a form of gaming regulated in accordance with Part 13 of and Schedule 14 to that Act.

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 In the 2005 Act “gaming” is defined to mean playing a game of chance for a prize (s. 6)¹. Prize gaming, as defined in section 288 of the 2005 Act is a form of gaming in which neither the nature nor the size of a prize played for is determined by reference to (a) the number of persons playing, or (b) the amount paid for or raised by the gaming.

4.2 Prize gaming is typically low level gaming for small participation fees and modest prizes. An example is bingo played at seaside amusement arcades.

4.3 Under the 2005 Act, children are permitted to participate in certain prize gaming. Such gaming may be offered in family entertainment centres, at travelling fairs and in other non-gambling premises such as theme parks which are frequented by children.

4.4 The holders of certain permissions under the 2005 Act (bingo halls, adult gaming centres, licensed family entertainment centres and holders of family entertainment centre gaming machine permits) are automatically entitled to offer prize gaming, without any need for a separate prize gaming permit under Schedule 14 to the Act. Likewise, the 2005 Act also authorises prize gaming to be offered at travelling fairs without the need for such a

¹ Section 6 contains further provisions concerning the interpretation of “gaming”, such as the definition of a “game of chance” in subsection (2).

permit, provided the facilities for gambling amount to no more than an ancillary amusement at the fair. For other premises, prize gaming may be offered pursuant to a Schedule 14 prize gaming permit which is obtainable from the relevant local licensing authority.

4.5 Section 293 of the Act specifies four conditions which must be complied with for the provision of prize gaming in adult gaming centres, family entertainment centres, at travelling fairs and at any venue offering prize gaming by virtue of a prize gaming permit. (There is no power for licensing authorities to impose conditions on prize gaming permits: the statutory conditions apply in all cases). These conditions include requirements that all the chances to participate in a particular game must be allocated or acquired on one day and in the place where the game is played, and that participation in the game does not entitle the player to participate in any other gambling. Other conditions concern the time within which the game must be played, and the time and place at which the results of the game must be published.

4.6 The conditions also require compliance with any upper limits which the Secretary of State may by regulations prescribe in relation to:

- (i) participation fees (subsection 293(2));
- (ii) the amount of the individual prizes in a game, or the aggregate amount of the prizes for which a game is played (if all the prizes are money);
- (iii) the value of the individual prizes in a game, or the aggregate value of the prizes for which a game is played (where none, or not all of the prizes are money).

4.7 These Regulations introduce new upper limits on participation fees and prize amounts and values, in substitution for those set out in the 2007 Regulations.

4.8 Regulation 2 increases from 50 pence to £1 the maximum participation fee that may be charged for any one chance to win a prize in a game that constitutes prize gaming. As was the case under the 2007 Regulations, this maximum applies even where a single chance affords the player the opportunity to win more than one prize. For example, in a game of bingo the purchase of one game card (the chance) may provide the player with three distinct opportunities to win a prize (one line, two lines, full house). The maximum participation fee nevertheless remains £1, because the game card constitutes a single chance to win one or more of several prizes. As in the 2007 Regulations, there is a limit of £500 on the aggregate amount of the participation fees that may be charged in a particular game.

4.9 Regulation 3 imposes limits on the amount or value of prizes for which games may be played. Where all the prizes are money, the amount of any one prize for which the game is played must not exceed £70, and the aggregate of all the prizes must not exceed £500. In any other case (i.e. where not all the prizes are money), the value of any one prize for which the game is played and which is money must not exceed £70, and the aggregate of all the prizes must not exceed £500.

4.10 Regulation 4 revokes the 2007 Regulations.

5. Territorial Extent and Application

These Regulations extend to Great Britain.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 On 25 June 2008 Gerry Sutcliffe MP, the Minister with responsibility for gambling, announced 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. This was in order to provide economic assistance to family entertainment centres (such as seaside arcades) and to pubs and clubs.

7.2 Prize gaming was not within the scope of the Minister's announcement or the initial consultation that followed it. However, in response to the consultation, 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. Historically, prize gaming limits had tended to be linked closely to stake and prize limits for category C gaming machines. The Department proposed to set participation fee and cash prize limits in any premises permitted to offer prize gaming at 60p and £60 respectively in line with the initial proposed stake and prize limits for category C machines. The remaining monetary limits on prize gaming would remain unchanged. The Department considered such increases would assist the operators of seaside arcades while still maintaining the essential character of prize gaming as intended by Parliament – as a low level, family orientated amusement in seaside arcades, fairs and similar venues. The Department was confident that such an increase, when considered within the overall context of the regulatory regime put in place by the Gambling Act 2005, would not undermine the licensing objectives of the Act, in particular the protection of children and the vulnerable from the potential harm of problem gambling.

7.3 These proposals were consulted on as part of the five options for category C and D machines 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. With regards to prize gaming, the Department decided to retain its proposal 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 would be £1, and the maximum cash prize would be £70 in both types of arcade. The maximum aggregate prize would remain unchanged at £500 in all cases. The Department is confident that this revised proposal will still maintain the character of prize gaming and, when considered within the context of the overall regulatory regime, remain consistent with the licensing objectives of the 2005 Act and the particular priority it attaches to the protection of children.

8. Consultation outcome

During the 5 September – 31 October 2008 consultation, three responses, from organisations representing the bingo industry, commented on the Government's proposals for prize gaming. They argued that an increase greater than the Department's proposals 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 Department heeded the views of these bodies, but did not feel a sufficient case had been made for the Government to reconsider the original position it took on this issue.

None of the responses received by the Department during the December 2008 – January 2009 consultation commented on the revised proposals for prize gaming.

Summaries of both consultations are included at Annex A for information.

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 B.

10.2 There will be no impact on charities or voluntary bodies. With regard to impact on business, the Regulations will not impose any increased costs on the industry.

10.3 In line with OFT guidance we have considered whether the new proposal would directly or indirectly limit the number or range of operators and suppliers, and we have concluded that it would not. Indeed, the measure is intended to help ensure that seaside arcades remain open so that existing levels of competition are at least maintained.

11. Regulating small business

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

12. Monitoring & review

The implementation of these proposals will be monitored by licensing authorities and the Gambling Commission through the licence and permits application processes and through their ongoing monitoring and enforcement functions.

13. Contact

Alistair Boon at the Department for Culture, Media and Sport (tel: 020 7211 6486 or email: 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.

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.

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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?

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.

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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 Gambling Act 2005 (Limits on Prize
Gaming) Regulations 2009

Stage: Regulations made

Version: 1

Date: 13 May 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?

The Regulations prescribe new limits on prize gaming that may take place in adult gaming centres, family entertainment centres, at travelling fairs or at premises with a prize gaming permit. The Regulations propose the following limits:

- The participation fee for any one chance to win a prize in a game that constitutes prize gaming will rise from 50p to £1;
- The maximum cash prize will rise from £35 to £70;
- The maximum aggregate total of participation fees to participate in anyone game will remain at £500;
- The maximum aggregate amount or value of prizes (both cash and non-cash) in any game will remain at £500.

Historically, prize gaming limits have tended to be linked closely to stake and prize limits for category C gaming machines. Therefore, government proposes to set participation fee and cash prize limits in any premises permitted to offer prize gaming at £1 and £70 respectively, in line with proposed new stake and prize limits for category C machines.

What are the policy objectives and the intended effects?

The intention behind this proposal is to ensure that prize gaming remains consistent with other forms of low level gambling activity while still retaining its essential character as intended by Parliament.

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

These proposals were consulted on as part of the five options for category C and D machines 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. With regards to prize gaming, the Department decided to retain its proposal 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 would be £1, and the maximum cash prize would be £70 in both types of arcade. 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:

..... Date:

Summary: Analysis & Evidence

Policy Option: Consult on draft Sis	Description: The Regulations prescribes new limits on prize gaming that may take place in adult gaming centres, family entertainment centres, at travelling fairs or at premises with a prize gaming permit.
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups': There is no centrally held data about how many businesses currently offer prize gaming. It is estimated there are around 2,000 arcades operating that are able to offer prize gaming, with a number of holiday parks and theme parks also offering forms of prize gaming. The Regulations will not impose any increased costs on these operators.				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%; padding: 5px;">One-off (Transition)</td> <td style="width: 30%; text-align: center; padding: 5px;">Yrs</td> </tr> <tr> <td style="padding: 5px; background-color: #ffffcc;">£ Not known</td> <td></td> </tr> </table>		One-off (Transition)	Yrs	£ Not known	
	One-off (Transition)		Yrs			
	£ Not known					
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Total Cost (PV)	£ Not known					

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

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups': Arcades and other premises currently operating prize gaming will benefit from increases to the maximum cash prize they are able to offer. This will make games more attractive to players.				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%; padding: 5px;">One-off</td> <td style="width: 30%; text-align: center; padding: 5px;">Yrs</td> </tr> <tr> <td style="padding: 5px; background-color: #ffffcc;">£ Not known</td> <td></td> </tr> </table>		One-off	Yrs	£ Not known	
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Other **key non-monetised benefits** by 'main affected groups'

Key Assumptions/Sensitivities/Risks

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 and believe that it will be mitigated by very stringent regulations and Gambling Commission codes of practice governing prize gaming, 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	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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 none	Small none	Medium none	Large none
Are any of these organisations exempt?	No	No	No	No
Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)	
Increase of £	Decrease	£	Net Impact	£ Zero

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Evidence Base (for summary sheets)

[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 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. This was in order to provide economic assistance to family entertainment centres (such as seaside arcades) and to pubs and clubs.

Prize gaming was not within the scope of the Minister's announcement or the initial consultation that followed it. However, in response to the consultation, 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. Historically, prize gaming limits had tended to be linked closely to stake and prize limits for category C gaming machines. The Department proposed to set participation fee and cash prize limits in any premises permitted to offer prize gaming at 60p and £60 respectively in line with the initial proposed stake and prize limits for category C machines. The remaining monetary limits on prize gaming would remain unchanged. The Department considered such increases would offer benefits to the operators of seaside arcades while still maintaining the essential character of prize gaming as intended by Parliament – as a low level, family orientated amusement in seaside arcades, fairs and similar venues. The Department was confident that such an increase, when considered within the overall context of the regulatory regime put in place by the Gambling Act 2005, would not undermine the licensing objectives of the Act, in particular the protection of children and the vulnerable from the potential harm of problem gambling.

These proposals were consulted on as part of the five options for category C and D machines 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. With regards to prize gaming, the Department decided to retain its proposal 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 would be £1, and the maximum cash prize would be £70 in both types of arcade. The maximum aggregate prize would remain unchanged at £500 in all cases. The Department is confident that this revised proposal will still maintain the character of prize gaming and, when considered within the context of the overall regulatory regime, remain consistent with the licensing objectives of the 2005 Act and the particular priority it attaches to the protection of children.

During the 5 September – 31 October 2008 consultation, three responses, from organisations representing the bingo industry, commented on the Government's proposals for prize gaming. They argued that an increase greater than the Department's proposals 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 Department heeded the views of these bodies, but

did not feel a sufficient case had been made for the Government to reconsider the original position it took on this issue. None of the responses received by the Department during the December 2009 – January 2009 consultation commented on the revised proposals for prize gaming.

Results of the specific impact tests are set out below.

Competition assessment

A simple competition assessment has been undertaken in line with Better Regulation Executive guidance.

The true extent of the prize gaming market is not known. The limits on prize gaming which are considered necessary from a social policy perspective have tended to mitigate against significant commercial exploitation of these provisions.

The market is likely to be dominated by small operators as well as some larger holiday parks and theme parks which might have obtained gaming permits. This proposal will benefit all operators equally and it is unlikely to have any structural effects on the gambling industry. It may encourage greater competition between arcades and other prize gaming operators and bingo halls, who will be able to offer an enhanced prize gaming offer to potential customers.

Small Firms

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

Legal Aid

No impact.

Sustainable Development

No impact.

Carbon Assessment

No impact.

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 protection of children and the other vulnerable persons from being harmed or exploited by gambling, and the government takes the risks associated with all forms of gambling very seriously.

Race Equality

No impact.

Disability Equality

No impact.

Gender Equality

No impact.

Human Rights

The provisions of the Regulations 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)