



## GAMBLING BUSINESS GROUP RESPONSE

### Proposed Changes to Gambling Commission Fees

#### Pre-consultation demographic questions

Are you responding on behalf of an organisation or as an individual?

- Individual
- Organisation
- Other (please specify)

#### If responding as an organisation:

- What is the name of your organisation? [The Gambling Business Group \(GBG\)](#)
- Is the organisation headquartered in Great Britain?
  - Yes
  - No
  - Don't know
- Which of the following best represents your organisation's sector?
  - Remote gambling industry
  - Land-based gambling industry
  - Both remote and land-based gambling industry
  - Gambling-related sector (e.g. advertising, sport, or broadcasting)
  - Government/regulator
  - Lived experience peer support charity
  - Academic/research
  - Treatment provision
  - [Other Trade body representing the land-based gambling sector](#)
  - Don't know
- How many employees does the organisation you are responding on behalf of have globally?
  - [1 to 9](#)

- 10 to 19
- 20 to 49
- 50 to 99
- 100 to 250
- 250 to 499 employees
- 500+ employees
- Don't know
- Are you happy for government to attribute responses to your organisation in a published response to this consultation?
  - Yes
  - No
- Is any of the information you have provided confidential, commercially sensitive or otherwise unsuitable for publication (including in anonymised)? If so, please indicate what. [NA](#)

## Main consultation questions

**Consultation question 1:** Which of the three options outlined do you believe is most appropriate for future Gambling Commission fee levels? Please explain your answer.

None of the options. The GBG is of the view that with better management of costs, there should be a small inflationary increase to the Gambling Commission fee levels. However, only individual operators can advise on the impact of each of the proposals on their own costs.

**Consultation question 2:** Do you agree that first annual, application and maintenance fees should be increased in line with the proposals set out here, in order to enable the Commission to meet the challenges identified? Please explain your answer.

No. Based on the information provided, we do not believe that the Gambling Commission's proposals are thorough or robust enough when evaluating 'value for money'. First annual, application and maintenance fees have no link to increases in the size of the black market, therefore it is not logical to expect them to contribute towards the Commission's activities in this area.

**Consultation question 3:** Do you have any views on the revised approach to fees setting outlined in this document?

We are concerned about the statement at point 63 that in moving to a government hub the Commission could be facing doubled accommodation costs, which ultimately

the industry will have to pay for (either directly through increased licence fees or indirectly by the Commission reducing its work programme).

The business case for such a move does not make sense, especially as most staff are either hybrid or home-based workers. It should be recognised that those that the Commission is expecting to pay for this non-sensical proposal would not entertain such change in their own businesses as it would be regarded as irresponsible.

We are also very worried about the proposal at point 11 to make the necessary changes to allow the Commission to consult on its own fee changes in future. This could lead to much more frequent (and potentially uncontrolled) increases in fees – with a further review of fees already referenced at point 31.

**Consultation question 4:** Are there any other factors that should be considered relating to the proposed changes to operator licence fees and their possible impacts? Please explain your answer.

*The consultation states at point 9 “... the Gambling Commission has increased its investment in areas including disrupting the illegal gambling market, implementing reforms from the Gambling Act Review White Paper and developing its data capabilities. As a result of this investment and additional pressures such as inflation, the Commission has operated with successive annual budget deficits and has eroded its financial reserve”*

There is little recognition that the industry has also faced the same and more financial pressures.

Responding solely in relation to the licensed land-based gambling sector – the sector has also faced costs from implementing reforms from the Gambling Act Review, with more still to be progressed. These costs sit alongside additional pressures such as:

- Inflation
- No review of stakes and prizes
- Increased National Minimal Wage and NI
- Highest energy costs in the western world
- The Statutory Levy
- Tax hikes
- No business rate relief
- Potential costs if the bingo licensing changes are progressed as per the recent consultation costs.
- Costs associated with the forthcoming Gambling Impact Assessments
- Costs associated with GMTS changes/proposals
- Pending increase in premises licences issued by local licensing authorities (when Government progresses that proposal)

And on top of this the UK land-based sector is expected to contribute to tackling the growing the illegal gambling market - the vast majority of which is happening on line and overseas.

Government has set aside £26m for this in the recent budget yet it has been assumed that this will be insufficient, and the industry is expected to contribute more. This suggests that the activities carried out for £26m are going to be ineffective. Seeking to raise an additional £2.6m under Option 3 is unlikely to make the difference between disrupting the illegal market or not. This part of the Commission's proposal is lacking detail and transparency.

How much are the Department for Business and Trade, the Department for Science Innovation and Technology, HMRC and the Home Office contributing to help tackle black market activity? All of these government departments have a vested interest in stopping this illegal activity and yet the consultation suggests that only the licensed gambling industry will be contributing.

Furthermore the land-based sector already contributes financially to tackling illegal land-based gambling. DCMS' guidance to Licensing Authorities (LAs) on setting premises fees states *"The annual fee will cover the costs of compliance and enforcement work, including the cost of dealing with illegal gambling in a licensing authority's area"*

The Gambling Act Review sets out that local licensing authority premises fees would be increased. The previous Government announced this would be a 15% increase to the maximum fee levels permitted. Whilst not all Licensing Authorities will increase fees to any new maximum, there will inevitably be additional costs for land-based operators through higher premises fees, which will be in addition to increased operating licence costs.

When the increases in premises fees are implemented, LAs should be required to publish details of how much activity they have carried out on tackling local illegal gambling, and the associated costs.

Whatever the Operating Licence fee increases against this backdrop of costs, the licensed trade will not be able to reduce its compliance activity (in the same way that the Commission suggests it will have to reduce its regulatory work due to necessary cost savings). The licensed sector will still be expected to uphold the licensing objectives and implement future changes within a smaller budget.

It is also worth reiterating that the land-based sector cannot pass on any costs to customers as there hasn't been an inflationary increase in Cat B & C Stakes and Prizes since 2009.

The sector is also impacted by the continued prohibition in the Gambling Act 2005 from making debit card payments directly for gaming machine play, when the rest of society has largely moved away from cash transactions in favour of digital or cashless payments.

The suggested operator fee increases risk putting more land-based operators out of business, with the knock-on effect of potentially fuelling the growth of the illegal gambling market even further.