

EXPLANATORY MEMORANDUM TO
THE CATEGORIES OF CASINO REGULATIONS 2008

2008 No. 1330

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. Description

2.1 These Regulations specify the matters by reference to which a casino is to be classified for the purposes of the Gambling Act 2005 (“the Act”) as a large or small casino, or as below the minimum size for a licensed casino. Section 7(5) of the Act, under which the Regulations are made, also allows the Secretary of State to provide for the classification of regional casinos¹. However, the Secretary of State has decided not to make provision for regional casinos at this time. Such provision will not be made until an assessment of the social and economic impact of the 16 large and small casinos has been carried out. The assessment is unlikely to be completed until 2013, that is, at least three years after the first new casino has begun operating.

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

3.1 None.

4. Legislative Background

4.1 The Regulations form part of the implementation of the Act, most of the provisions of which came into effect in 1st September 2007. The Act establishes a new system of regulation of all gambling in Great Britain, other than the National Lottery and spread betting. The Act introduces a new regulator for gambling, the Gambling Commission, and a new licensing regime for commercial gambling. As part of the licensing regime, the Act provides for three main types of permission: operating and personal licences which are issued by the Gambling Commission, and premises licences which are issued by licensing authorities. In England and Wales local authorities are the licensing authorities under the Act and in Scotland they are licensing boards.

4.2 The Act establishes three new categories of casino: regional, large and small casinos. These Regulations make provision for the large and small casinos permitted by the Act, and for casinos that fall below the minimum size limits for the large and small casinos (see sections 7(5) and 174(1)). There are also separate kinds of premises licence for each category of casino. The category of a casino affects the level and type of gambling that may be provided in it. In a large casino the maximum number of gaming machines that can be made available is 150 and in a small casino the maximum number is 80. The Act imposes initial limits on the number of each category of casino premises licence which may be issued. Under section 175 of the Act, and no more than 8 each of the small and large casino premises licences may have effect at any time.

4.3 Section 7(1) of the Act defines “casino” for the purposes of the Act. However, the different categories of casino are not defined on the face of the Act, but instead section 7(5) provides for the matters by reference to which each category is to be defined to be set out in regulations. Section 7(5) also provides for the regulations to specify the matters by reference to which a casino may be classified as below the minimum size for a licensed casino.

4.5 The present Regulations provide that:

¹ Regional casinos are one of the categories of casino in respect of which a casino premises licence may be granted under the Act: see section 174(1).

- A casino is a large casino if the combined floor area of those parts of the casino used for providing facilities for gambling is equal to or exceeds 1,500 square metres but is less than 3,500 square metres.
- A casino is a small casino if the combined floor area of those parts of the casino used for providing facilities for gambling is equal to or exceeds 500 square metres but is less than 1,500 square metres.
- A casino is below the minimum size for a licensed casino if the combined floor area of those parts of the casino which are used for providing facilities for gambling is less than 500 square metres.

4.6 For the purposes of the Regulations, parts of a casino are to be regarded as used for providing facilities for gambling if: they are shown on the plan included in a licence that has effect in respect of the premises as the parts that will be used for providing such facilities in reliance on the licence; if they were shown on the plan that accompanied an application for a casino premises licence in respect of the premises (where the application remains undetermined) as the parts that would be used for providing such facilities in reliance on the licence; or in any other case if they would be required to be shown on the plan accompanying such an application (were one to be made in respect of the premises) as the parts which would be used for providing such facilities in reliance on the licence. The requirements for the content of plans to be submitted with premises licence applications, and which form part of premises licences are set out in regulations 4 and 21 of the Gambling Act 2005 (Premises Licences and Provisional Statements) Regulations 2007 (S.I. 2007/459).

5. Territorial Extent and Application

5.1 This instrument applies to Great Britain.

6. European Convention on Human Rights

The Parliamentary Under-Secretary of State for the Department for Culture, Media and Sport, Mr Gerry Sutcliffe, has made the following statement regarding Human Rights:

In my view the provisions of the Categories of Casino Regulations 2008 are compatible with the Convention rights.

7. Policy background

7.1 The licensing objectives set out in section 1 of the Act are:

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

7.2 The casino provisions of the Act play a role in supporting these objectives by limiting the types of premises which can be casinos, and by distinguishing between different categories of casino and the gambling facilities that can be made available in each category of casino. The Act also imposes an initial limit on the number of casinos of each category that may be licensed. In these ways, the government is carefully controlling the provision of casino gambling, which, whilst it can be a harmless and enjoyable activity for many, does carry some risks of personal and social harm. This is because casino gambling includes table gaming with unlimited stakes and prizes, and high stakes and prize machine gambling. It is therefore important that the provision of such gambling is carefully controlled.

7.3 These Regulations define two of the categories of casino (large and small) established by the Act, and the casinos that fall below the minimum size limits for the large and small casinos. The government

first set out its substantive proposals for defining the new categories of casino in its response to the First Report of the Joint Committee on the Draft Gambling Bill published in June 2004 (Cm 6253). The government took the view that it was not appropriate to seek to limit casino numbers by the use of permitted areas, as was the case under the Gaming Act 1968. The policy was instead to impose minimum size limits on the different categories of casinos. This means that premises that do not meet these minimum size standards would not be eligible for casino premises licences. It would also make opening a new casino under the Act a significant undertaking, which would ensure that it was not possible for small casinos to be established in inappropriate places (i.e. to prevent what might be described as "cornershop casinos"). At least in the initial years of the new regime, these provisions are to be supplemented by limits imposed by the Act on the number of premises licences which can be issued in respect of each category of casino.

7.4 In June 2004 it was proposed to set the following limits for each of the categories of casino:

<i>Category of casino</i>	<i>Table gaming area</i>	<i>Other gambling area</i>	<i>Non-gambling area</i>
Regional	More than 1,000 sq m (with a requirement of a minimum of 40 gaming tables)	At least 2,500 sq m	More than 1,500 sq m
Large	More than 1,000 sq m		More than 500 sq m up to 1,500 sq m
Small	500 - 1,000 sq m		250 - 500 sq m

7.5 When consulting last year on a draft of the Regulations, the government proposed simplifying matters so that the category a casino fell into was determined solely by reference to the total floor area of those parts of the casino used for providing facilities for gambling. Under this approach a large casino will have a minimum gambling floor area of 1,500sq ms and a small casino will have a minimum gambling floor area of 500sq ms. This approach is the one adopted in the Regulations. The reasons are:

- it is simpler;
- it is more flexible for operators and regulators;
- the previous policy proposed to cap the amount of space dedicated to non-gambling activities – this serves no regulatory purpose.

A definition that referenced table gaming and non-gaming areas may lead to the possibility of anomalies if a casino meets the criteria for gambling areas but not non-gambling areas.

7.6 Further requirements relating to each type of casino will be imposed through conditions attached to the relevant premises licence. Regulations have been made under sections 167 and 168 of the Act (S.I. 2007/1409) setting out conditions to be attached to premises licences; these are called mandatory and default conditions. Those Regulations attach conditions which impose requirements with respect to the minimum table gaming area and non-gambling area to be provided in each category of casino. It was felt that this was a better approach than to set such requirements as part of the definition of each type of casino. Likewise, other aspects of casino policy have been implemented via other Regulations and consequently the policy considerations of those aspects have been dealt with in the documentation associated with those pieces of legislation.

7.7 The government has decided to commence the provisions which will allow small and large casino premises licences to be issued before the provisions relating to regional casinos. This is because it was clear from the tone of the Parliamentary debates into the draft Gambling (Geographical Distribution of Casino Premises Licences) Order 2007, which took place in March 2007, that the recommendations in respect of the sixteen large and small casinos were relatively uncontroversial, whereas serious doubts were expressed about the regional casino. The government has therefore decided to assess the impact of small and large categories of casino before considering whether to proceed with the regional casino.

7.8 It should be noted that the casino categories to which these Regulations relate generally will not affect casinos previously licensed under the Gaming Act 1968. Most such casinos will be below the minimum size for a licensed casino under the Gambling Act 2005. Existing casinos (irrespective of their size) were subject to special transitional arrangements under which they are granted a converted casino premises licence (as opposed to a large or small casino premises licence). These entitle them to operate under the 2005 Act and are of unlimited duration, as with new premises licences. However, they are subject to entitlements for the provision of gambling that differ from those applicable to the new casinos.

Consultation

7.9 The Department consulted publicly on these regulations with a wide range of stakeholders including industry representatives and problem gambling organisations. An informal consultation received 9 responses, which the Department considered when it published a further formal consultation. The formal consultation ran from 5 July 2006 to 27 September 2006 and received 5 responses. Consultees were asked to choose from three options:

- that the Secretary of State make no regulations;
- that definitional regulations are made on the basis of the complex mechanisms proposed in June 2004 and published in the delegate powers memorandum in January 2005 (described above);
- simplify the definition by limiting it to referencing the total gambling area only – this was the Government’s preferred option.

Two responses were broadly in favour of the Government’s preferred option for defining the new categories of casino. Two expressed a preference for the Secretary of State not to make Regulations on this issue, an option which is not viable as the Act requires such Regulations to be made. One expressed no firm preference for the three options consulted on. However several also took the opportunity to point out that the new casinos were likely to have a detrimental impact on the existing industry, which is an issue of wider scope than these Regulations. On the basis of the consultation the Government decided to proceed as indicated in the consultation. More detail on consultation and the Department’s response can be found in the Impact Assessment that accompanies the Regulations.

8. Impact

8.1 An Impact Assessment is attached to this memorandum

9. Contact

Peter Doogan at the Department of Culture, Media and Sport Tel: 0207 211 6486 or e-mail: peter.doogan@culture.gsi.gov.uk can answer any queries regarding the instrument.

Summary: Intervention & Options

Department /Agency: Department for Culture, Media and Sport	Title: Impact Assessment for the Categories of Casino Regulations 2008	
Stage: final proposal/implementation	Version: 1	Date: 25th February 2008
Related Publications: The Gambling Act 2005, The Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations 2007, The Gambling Act 2005 (Premises Licences and Provisional Statements) Regulations, Gambling Bill Delegated Powers Memorandum (Annex to the House of Lords' Delegated Powers and Regulatory Reform Committee's 11th Report of the 2004-05 Session)		

Available to view or download at:

<http://www.opsi.gov.uk>

Contact for enquiries: Peter Doogan DCMS

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

The Secretary of State is required to make regulations under section 7(5) of the Gambling Act 2005 (the Act) to classify any casino as being: a regional casino; a large casino; a small casino; or below the minimum size for a licensed casino.

The government is not proceeding with the regional casino for the time being. The regulations, and this assessment, are therefore concerned with the large and small categories of casinos and, with this proviso, fulfil the Secretary of State's obligation to define the new categories of casino.

What are the policy objectives and the intended effects?

The proposals for casinos must be viewed in the context of the overall objectives for the regulation of gambling as a whole - ensuring gambling remains crime free; ensuring that gambling is conducted in a fair and open way; protecting children and other vulnerable people from harm.

Casino gambling has features such as table gaming, with unlimited stakes and prizes, and high stake/high prize gaming machines which bring particular risks. These regulations form part of the careful, balanced and proportionate regulation which casinos require if adults are to enjoy informed choice and an effective level of protection.

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

Three options were considered:

1. Not making regulations - impossible as the Act requires Secretary of State to do so.
2. Implement the policy proposed in the Gambling Bill Delegated Powers Memorandum (Annex to the House of Lords' Delegated Powers and Regulatory Reform Committee's 11th Report of the 2004-05 Session), which includes requirements relating to table gaming area and the non-gambling area in the regulations under Section 7(5).
3. Simplify the definition by making it relate only to total gambling area - this is our preferred option because it is simple, flexible and avoids some of the potential anomalies a more complex definition could generate.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The Government will review the social and economic impact of the 16 large and small casinos permitted under the Gambling Act, not less than three years after the first of the new casinos has begun operating.

Ministerial Sign-off For final proposal/implementation 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: 3

Description: Defining the categories of casinos by reference to total gaming area only.

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups'
	One-off (Transition)	Yrs	
	£		
	Average Annual Cost (excluding one-off)		
	£		Total Cost (PV) £
<p>Other key non-monetised costs by 'main affected groups' Although the government's casino policy in general may have a cost for the casino sector, the means of defining the categories of each of the new casinos does not, of itself, have a cost to industry. The Gambling Commission's and Licensing Authorities' overall enforcement costs are met by licence fees.</p>			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'
	One-off	Yrs	
	£		
	Average Annual Benefit (excluding one-off)		
	£		Total Benefit (PV) £
<p>Other key non-monetised benefits by 'main affected groups' Again, of itself, the means of definition of the new categories of casinos will not have any specific monetary benefits for the sector. However, by setting the definition, casino operators will be able to apply for the appropriate licences and commence operating and regulators will be able to grant such licences.</p>			

Key Assumptions/Sensitivities/Risks Minimum size limits will prevent the proliferation of "corner shop casinos" which will have an unquantifiable benefit in the prevention of problem gambling.

Price Base Year	Time Period Years	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?		GB	
On what date will the policy be implemented?		March/April 2008	
Which organisation(s) will enforce the policy?		Gambling Commission and Licensing Authorities	
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?		No	
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
Are any of these organisations exempt?	No	No	N/A

Impact on Admin Burdens Baseline (2005 Prices)	(Increase - Decrease)
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Increase of £

Decrease of £

Net Impact £

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Evidence Base (for summary sheets)

1. Purpose and intended effect

(a) Objectives

Under Section 7(5) of the Gambling Act 2005, the Secretary of State is required to make regulations by reference to which any casino may be classified as – (a) a regional casino, (b) a large casino, (c) a small casino, or (d) below the minimum size for a licensed casino. The Secretary of State has decided not to make provision for a regional casino at this time and that, in the absence of unforeseen circumstances, such provision will not be made until an assessment of the social and economic impact of the 16 large and small casinos has been carried out. Such an assessment is unlikely to be completed until 2013.

Subsection (6) specifically enables casinos to be classified by reference to a number of different matters. These include:

- The number of gaming tables at which casino games (or classes of casino games) are made available;
- The location and concentration of gaming tables;
- The use and designation of floor areas for particular purposes.

In making such regulations, the Secretary of State can include provisions for determining what floor area is to be treated as being used or designated for a purpose and other matters (subsection (7)).

This Order would fulfil the Secretary of State's obligation to define the new categories of casino.

(b) Background

It should be noted that these proposals will not generally affect existing casinos which were previously licensed under the Gaming Act 1968. The full background to the regulation of casinos under the Gambling Act was set out in the regulatory impact assessment that was published to accompany the Act in April 2005. The earlier regulatory impact assessment charted the development of policy from the system of regulation of casinos contained in the Gaming Act 1968, which was based on permitted areas and a demand test, to the new system of regulation contained in the Gambling Act 2005, which is based around four categories of casino defined predominantly according to their size. It also contained a comprehensive competition assessment of the casino market, and the likely impact of the regulatory measures included in the Gambling Act.

The government first set out its substantive proposals for defining the new categories of casino in its response to the First Report of the Joint Committee on the Draft Gambling Bill published in June 2004 (Cm 6253). These proposals were reflected in the regulatory impact assessment for the Gambling Act. This policy was re-published in the Department's delegated powers memorandum to the Select Committee on Delegated Powers and Regulatory Reform published in January 2005. The relevant extract from the delegated powers memorandum stated that:

"44. The Department's current intention is that these regulations should provide that (subject to special provision for casinos already licensed under the 1968 Act which are below the new minimum size):

(a) A casino must have i) a minimum table gaming area of 500 sq m and ii) a minimum area of 250 sq m, which contains no facilities for gambling of any kind, for it to be capable of being licensed;

(b) A small casino means a casino with a table gaming area larger than the minimum and up to 1000 sq m, and a non-gambling area larger than the minimum and up to 500 sq m;

(c) A large casino means a casino with a table gaming area of more than 1000 sq m, and a non-gambling area larger than 500 sq m and up to 1500 sq m; and

(d) A regional casino means a casino with an exclusively table gaming area which is more than 1000 sq m and contains at least 40 gaming tables available for play, a non-gambling area of more than 1500 sq m, and an area containing gambling facilities (which can, but need not contain table games) covering at least 2500 sq m.

45. The regulations will define "table gaming area" by reference to the floor area occupied by facilities for playing casino games, not necessarily comprising a single physically continuous area, but where no area comprises less than 25% of the total relevant table gaming minimum area. The regulations will also define "available for use" by reference to a formula prescribing, for any given number of tables, a minimum number of the qualified staff (i.e. holding the appropriate personal licences) who must be on the premises to operate the tables if needed. The numbers to go in this formula are subject to further consultation with interested bodies and advice from the Gambling Commission in due course."

It should be noted that these proposals will not affect existing casinos licensed under the Gaming Act 1968. Most existing casinos will be below the minimum size for a licensed casino. Special arrangements applied to all existing casinos, including those that do offer total gambling areas in excess of 500m², and were dealt with through the transitional arrangements. Those arrangements required the licensing authority to grant a converted casino premises licence to the existing operator. The same gaming machine entitlements apply (i.e. those which apply under the 1968 Act) irrespective of the size of the casino.

(c) Rationale for government intervention

The rationale for government intervention was again set out in the RIA covering the whole of the Gambling Act.

The proposals for casinos must be viewed in the context of the overall objectives for the regulation of gambling as a whole:

- ensuring gambling remains crime free;
- ensuring that gambling is conducted in a fair and open way;
- protecting children and other vulnerable people from harm.

While for many gambling is a normal leisure activity that many people enjoy, it also brings with it inherent risks of personal and social harm. Casino gambling has features such as table gaming with unlimited stakes and prizes and high stake/high prize machine gambling which bring particular risks. In terms of the government's wider objectives, casino gambling requires very careful, and occasionally intensive, regulation if adults are to enjoy informed choice and an effective level of protection.

2. Consultation

(a) Within government

The government has consulted the Gambling Commission on the specific proposals covered by this SI, and the Commission was content with the approach proposed here.

(b) Public consultation

The Department has consulted both informally and formally on these regulations.

Informal Consultation

On 30 March 2006, the Department wrote informally to a number of key stakeholders to outline the government's thinking on regulations under Section 7(5) and inviting their comments. These stakeholders included trade bodies from across the gambling industry, casino operators with an interest in securing one of the 17 new casino licences permitted by the Gambling Act 2005 and representatives of faith and other groups concerned about problem gambling.

The informal consultation proposed simplifying the definitions of the new casinos that had been set out in the delegated powers memorandum: the three new categories of casino would be defined solely by the total gambling area they provide. The other minimum requirements included in the delegated powers memorandum relating to table gaming area and non-gambling areas would be retained, but would be dealt with through mandatory conditions attached to the new casino premises licences.

The main reasons for this change of approach were:

- to simplify the definition of the new casinos under the Act;

- to remove the possibility of anomalies arising when casinos meet the relevant gambling area requirements but do not meet the minimum requirements in terms of non-gambling area;
- to provide greater flexibility to operators and regulators;
- no regulatory purpose would be served by capping the amount of space that should be provided for non-gambling purposes in the new casinos.

The revised proposals are summarised in the following table:

Casino category	Section 7 Regulations	Mandatory premises licence conditions	
		Table gaming area	Non-gambling area
Regional	≥ 3,500m ²	≥1,000m ²	≥1,500m ²
Large	1,500 to 3,499m ²	≥1,000m ²	≥500m ²
Small	500 to 1,499m ²	≥500m ²	≥250m ²

The informal consultation also set out the Department’s thinking on a number of related matters, which it proposed to return to in the context of its later consultation on mandatory premises licence conditions.

The Department received 9 responses to this informal consultation. In general, the key proposal to simplify the definition of the new categories of casino attracted little comment. One international casino operator disagreed that a casino’s category should depend only on the extent of facilities for gambling it provides. It argued that the extent of other facilities should also be taken into account, and this would achieve consistency with previously published policy. One gambling industry body questioned whether the minimum requirements relating to table gaming and non-gambling areas were of subsidiary importance, and so whether they should be added to premises licences.

While we took account of the argument that it would be more consistent with previously published policy to include the requirements relating to table gaming and non-gambling areas as part of the new casino definition, we did not feel that this outweighed the potential advantages of a simpler definition. We also rejected the suggestion that by imposing requirements relating to table gaming and non-gambling areas through the mandatory premises licence conditions, we were implying that these matters were of subsidiary importance. These requirements were subject to the same level of Parliamentary scrutiny – the mandatory and default conditions having been laid after being subject to the affirmative resolution procedure in May 2007.

Most of the other issues raised by the responses to the informal consultation related to matters which the Department proposed to deal with separately through mandatory and default

conditions attached to casino premises licences, and not under the regulations under Section 7(5) and which are the subject of this Impact Assessment.

The key concerns related to proposed mandatory licence conditions that:

- only table games be permitted in the table gaming area;
- no area counting towards the minimum table gaming area may comprise less than 25% of the total minimum table gaming area;
- existing casinos licensed under the Gaming Act 1968 should be required to have a non-gambling area;
- in the regional casino only, the gambling facilities should not be visible from the non-gambling areas.

Since these regulations went to informal and formal consultation, the mandatory and default conditions have been consulted on, were made on 5 May and came into force on 21 May 2007. The government has taken steps to address the issue of the non-gambling areas of casinos and also took into consideration the concerns highlighted above during the consultation process and when drafting the mandatory and default premises licence conditions order.

It is important to note the order setting mandatory and default premises licence conditions regulations was subject to the affirmative resolution procedure, as are the regulations under Section 7(5). They required a debate in both Houses of Parliament as will the Section 7 (5) regulations. This means that the requirements relating to table gaming and non-gambling areas, while imposed elsewhere, were still subject to the same level of Parliamentary scrutiny.

Formal Consultation

Drawing on the informal consultation outlined above, the formal consultation sought views on three options, with option 3 as the Government's preferred option:

Option 1

Not to set regulations under 7(5).

This option is not viable because the Secretary of State is required to set regulations by the Gambling Act 2005, although it provides no limit on the time before this must occur. Until he sets regulations, the 17 new casinos permitted by the Act can not be established, and the government's policy of allowing a limited number of new casinos to be developed while their social and economic impact can be assessed would be compromised.

Option 2

Implement the policy as proposed in the delegated powers memorandum, and include requirements relating to table gaming area and the non-gambling area in the definitional regulations under Section 7(5).

This option would ensure consistency with previously published policy. However, detailed work in developing the draft order revealed some potential anomalies that could occur if the requirements relating to table gaming and non-gambling areas were included as part of the core definition. It also seemed to serve little regulatory purpose to impose through the definitional regulations maximum requirements in relation to the size of non-gambling areas that small and large casinos can provide.

Option 3

Simplify the policy proposed in the delegated powers memorandum, and define the new categories of casino solely by reference to their total gambling area. Retain the policy set out in the delegated powers memorandum, but impose the requirements relating to table gaming areas and non-gambling areas through mandatory premises licence conditions, which the Secretary of State will set, subject to parliamentary approval.

This option was the Government's preferred option for the reasons outlined under the section on informal consultation above.

There were five responses to the formal consultation all from industry stakeholders. Two supported the Government's preferred option and two preferred option 1, which is not legally viable (this was acknowledged in the consultation document). One did not indicate support for any option. Most of the issues raised were about aspects of casino policy in general (for example concerns about the impact of new casinos in general), or were issues that fell outside of the scope of these regulations. For example the issue of how existing casinos fit into the proposed categorisation was raised. As noted above, existing casinos are not generally affected by the categorisations contained in these regulations. They were dealt with via transitional arrangements, which permitted exiting operators to obtain converted casino licences that are not subject to any specifications of size. So, although an existing casino may meet the criteria of (for example) a small casino, they operate by virtue of a different type of premises licence (a converted premises licence) provided for by the Gambling Act's transitional arrangements, rather than a premises licence for a new casino, which will be subject to the categorisation system established by these regulations.

As with the informal consultation, other issues were raised which were dealt with via the Mandatory and Default conditions rather than these regulations, for example the issue of the size of the non-gambling area. These were taken into consideration during the consultation and development process for these regulations.

On the basis of these responses, and due to the limited scope of the proposed regulations, we decided to proceed as indicated in the consultation i.e. to make regulations categorising casinos by reference only to total gambling area. The draft regulations have been amended to reflect developments in related statutory instruments (which have already been laid subsequently but were not finalised when the consultation was in progress) but the overall policy in relation to these regulations remains the same.

3. Costs and benefits

(a) Sectors and groups affected

Any operator considering making an application for one of the 16 large and small casinos .

There are implications for the casino and the wider gambling industry arising from the government's wider casino policy, which were fully explored in the wider Gambling Act regulatory impact assessment.

(b) Benefits

The government believes that the proposed regulations will simplify the definition of the new categories of casino under the Act, and avoid some of the potential anomalies that could arise from adopting a more complex definition.

Furthermore, removing the proposed maximum limits on what operators can provide in terms of non-gambling facilities removes an unnecessary and artificial regulatory barrier to the development of wider leisure facilities as part of new casino developments.

(c) Costs

There will be no increased administrative costs falling to the public purse as a result of this Order. The regulation of the new casinos will be undertaken by the Gambling Commission and licensing authorities, and this will be funded through fees paid by the industry on a cost recovery basis.

The proposed approach to defining the new categories of casino is simpler, and we think will be more user-friendly for operators and regulators alike. However, as the other requirements originally proposed as part of the definition will be retained as mandatory premises licence conditions, it is difficult to point any likely cost savings that will result from the approach proposed here. We do not see there being any potential for increased costs.

4. Small firms impact test

A number of existing casino operators are small businesses, including 14 single casino operators. All these operators will be free to bid for the licences for the new casinos when they become available.

DCMS has consulted the British Casino Association (BCA) and the Casino Operators' Association (COA), both of which represent a number of the smaller companies in the industry. COA had no objection in principle to the proposed simplified and more flexible means of defining the requirements on the new casinos. BCA were in favour of the Secretary of State not making regulations, which is not possible as explained earlier, but did not raise specific objections to the proposed policy.

However, it should be noted that both organisations took the consultation as an opportunity to object to the government's wider policy relating to the licensing of the new casinos, which it considers will disadvantage existing operators in the casino industry.

5. Competition assessment

A competition assessment of the impact of the new system of regulation of casinos was included in the RIA that accompanied the Gambling Act 2005.

The approach proposed here to the definition of the large and small casinos permitted by the Act does not affect the substantive conclusions of that earlier assessment.

6. Specific Impact Tests

The preliminary assessments of the regulations against all of the specific impact tests indicated that full assessments were not required for any of them. As these regulations are of a limited and technical nature, forming a small part of the overall casino policy, they do not have a significant impact on any of the areas subject to testing.

The policy does not affect any of the sectors/activities identified by DEFRA as being key sources of emissions of greenhouse gasses (Energy, Industrial Processes, Agriculture, Land Use/Forestry, Agriculture, or Waste). Therefore a full carbon test is not required.

Likewise the preliminary assessment of the impact of the policy for health indicated that a full assessment was not necessary as the three indicator questions all provoked negative responses. In fact, the health impact is likely to be positive as, by imposing minimum size limits on new casinos, the policy will prevent the proliferation of "cornershop casinos". This will have an unquantifiable benefit in the prevention of problem gambling.

According to the 13 questions set by DEFRA to determine a policy's impact on rural areas, no work is required to "rural proof" this policy. Due to the regulations limited and technical nature they do not of themselves have an impact, neither positive nor negative, on rural communities/areas, or an impact which is different to urban areas.

Initial assessment of the Equality Impact of these regulations in respect of Race, Gender or Disability indicated that a full assessment was not required. Again, this is because the regulations cover a technical issue that does not, of itself, have any significant direct or indirect impact on any individuals or groups.

Finally, these regulations do not require their legal aid impact to be assessed as they do not impose new criminal or civil penalties.

7. Enforcement, sanctions and monitoring

The operators of the new categories of casino will require an operating license and the appropriate personal licences from the Gambling Commission, along with a casino premises licence from their licensing authority.

The Gambling Commission will be responsible for monitoring and enforcement in relation to the operating licences held by the operators of the three new categories of casino. It will also advise licensing authorities in the exercise of their monitoring and enforcement responsibilities in relation to the premises licences of the new casinos.

8. Implementation and delivery plan

Once the draft casino areas order, specifying the 16 licensing authorities permitted to issue the new large and small casino premises licences, has been approved by Parliament, the Department will continue liaising with these authorities through a casino network which LACORS (Local Authority Coordination of Regulatory Services) has established. This provides a forum for the authorities concerned to discuss issues of common interest relating to the new casinos in their areas, and to resolve issues with the Department.

9. Post implementation review

The government is committed to making an assessment of the social and economic impact of the new large and small casinos before considering whether any further casinos will be permitted. The assessment will not start until at least three years after the first new casino has begun operating. It is anticipated that the assessment will be completed in 2013.

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	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No