

Title: Amendments to Schedule 6, Gambling Act 2005 IA No: DCMS44 Lead department or agency: Department for Culture, Media and Sport Other departments or agencies: N/A	Impact Assessment (IA)		
	Date: 25/11/2011		
	Stage: Development/Options		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
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Summary: Intervention and Options			RPC Opinion: RPC Opinion Status

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
			Yes/No

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

Schedule 6 of the Gambling Act 2005 lists persons and bodies for the purpose of exchanging information with the Gambling Commission (GC). This is an essential part of improving sports betting integrity because it allows information about suspicious betting patterns to be identified and dealt with to avoid or to prevent match fixing. Under section 351 of the Gambling Act, the Secretary of State has the power to amend the Schedule. The International Olympic Committee (IOC) has requested that it be added to Schedule 6 in advance of the London 2012 Games, in case threats to betting integrity arise during the course of the Games. Further proposed amendments will update the Schedule with relevant Sports Governing Bodies.

What are the policy objectives and the intended effects?

To add the IOC to ensure that collaboration between it and the GC in addressing sports betting matters is established before and during London 2012.
 To accurately reflect other Sports Governing Bodies (SGBs) to ensure the coverage of the main sports in the UK, and to better reflect the SGBs that the GC deals with on a regular basis.
 The intended effect is to allow information about suspicious about suspicious betting patterns to be identified and dealt with, to avoid or prevent match fixing. Unless the SGBs are included on the Schedule, there is a limit to the information the GC can pass on, e.g. only in a criminal investigation.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Three options were considered. Firstly, the Government's preferred option (see above) to add specific SGBs to Schedule 6. Secondly, to amend Schedule 6 under section 351(3) of the Gambling Act 2005 to specify 'a class or description of persons or bodies'. Thirdly, to do nothing.
 It was considered that the second option of a generic reference to SGBs would not survive scrutiny as it materially changes the procedure in the Act itself which underpins it - by effectively removing the need for any further persons/SGBs to be added to Schedule 6 by way of an order. It also confers a discretion on the GC to decide whether an SGB is suitable to exchange information with (which may be an unlawful delegation of powers). The fact that the Act provides for a means of adding to the list by order clearly shows that Parliament intended to reserve a requirement for it to supervise any additions, or to at least (tacitly) approve the full gamut of bodies included in any class or description.

Will the policy be reviewed? It will not be reviewed. If applicable, set review date: Month/Year

Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A	Non-traded: N/A	

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 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate:

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate				

Description and scale of key monetised costs by 'main affected groups'

Maximum of 5 lines

Other key non-monetised costs by 'main affected groups'

Maximum of 5 lines

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate				

Description and scale of key monetised benefits by 'main affected groups'

Maximum of 5 lines

Other key non-monetised benefits by 'main affected groups'

Maximum of 5 lines

Key assumptions/sensitivities/risks

Maximum of 5 lines

Discount rate (%)

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs:	Benefits:	Net:	Yes/No	IN/OUT/Zero net cost

Evidence Base (for summary sheets)

Background

1. Betting provides an opportunity and incentive to corrupt sport. This may result in inappropriate use of inside information or interference with the outcome of an event. In turn, this can have an impact on the public's confidence and interest in the sport concerned, resulting in a reduction in betting on the sport and a possible decline in spectators – all of which will be of economic detriment to both the sport and to the wider sporting and gambling communities.
2. The Gambling Commission (GC) has principal responsibility for the collection and collation of information and intelligence relating to suspicious sports betting through its Sports Betting Intelligence Unit (SBIU). The GC undertakes investigations into suspected criminal activity in its own right and in collaboration with the police. The Commission has a range of investigative powers to enable this work.
3. In addition, the larger betting operators have sophisticated monitoring and control mechanisms that protect their commercial interests and provide information to the Gambling Commission. The Gambling Commission has good relationships with these operators and they provide a steady flow of information regarding suspicious betting. The GC also has links with the Metropolitan Police and the UK's Serious Organised Crime Agency (SOCA) and is continually developing its links with other regulators outside the UK.
4. Schedule 6 of the Gambling Act 2005 lists persons and bodies for the purpose of exchanging information with the Gambling Commission (GC). This is an essential part of improving sports betting integrity because it allows information about suspicious betting patterns to be identified and dealt with to avoid or prevent match-fixing.
5. The Schedule consists of three parts:
 - Part 1 lists the names of 'persons & bodies with functions under this Act'. Under section 350 of the Act, information can be exchanged between any person or body listed on Part 1;
 - Part 2 lists the names of 'enforcement and regulatory bodies in the UK'; and
 - Part 3 lists the names of Sports Governing Bodies (SGBs).
6. The GC has been able to assist SGBs already listed on the Schedule with their investigations into sports betting integrity issues over the last year. This assistance has resulted in disciplinary action consisting of fines and suspensions, as well as raising awareness in the respective sports of the need to monitor suspicious betting activity. It is therefore logical to add to the list of SGBs to allow the Gambling Commission greater coverage of sports to avoid or prevent match-fixing and to identify suspicious betting patterns more effectively.

Problem under consideration

7. The Gambling Commission may provide information to SGBs that do not appear on the Schedule, but only where it would not breach existing statutory or legal constraints, including data protection. Where information does not relate to a criminal investigation or proceedings, and if the SGB is not listed in the Schedule, the GC has to make a decision on a case by case basis as to whether it is appropriate to share the information, which can be resource-intensive, and risks information not being shared accurately due to the detriment of both the sports and gambling markets.

8. It is also a requirement of betting operators under Licence Condition 15.1 that any information they suspect 'relates to a breach of a rule on betting applied by that sports governing body' must provide the SGB with sufficient information to conduct an effective investigation, should that SGB appear on Part 3 of Schedule 6.

Expanding current regulation

9. The International Olympic Committee (IOC) requested that it be added to Schedule 6 in advance of the London 2012 Games, in case threats to betting integrity arise during the course of the Games. No specific threat to the 2012 Games has yet been identified, but should an incident occur it could be very damaging to the reputation of the UK and to the 2012 Olympics. The amount of betting on Beijing 2008 and Vancouver 2010 was relatively modest, but the latest information is that betting on London 2012 is likely to be significantly higher.
10. A sports integrity clause has been added to the IOC contract with all those who are accredited, amongst other things, prohibiting them from betting on the Games. The presumption must be that athletes at the Olympic Games will be striving to win so the likelihood of corruption is likely to be low. However, the impact of any incident would be very high because of the high profile of the Olympic Games.
11. In addition, the GC has suggested adding further bodies to Parts 2 and 3 of the Schedule to ensure greater coverage of the main sports in the UK, and to better reflect the SGBs that it deals with on a regular basis. It is further proposed that international bodies are added that cover the major domestic SGBs not currently covered by the Schedule, and that have prominent profiles as well as developed information-handling procedures. It is important that the UK can demonstrate to these international SGBs that there are appropriate safeguards in place to preserve sports integrity in relation to betting in the UK.

Further amendments to Schedule 6, part 2

12. There are several bodies listed in part 2 of the Schedule that have changed names since the Act was implemented, and it would be appropriate therefore to take the opportunity to reflect these changes at the same time. This will ensure that the legislative intention behind Schedule 6 remains, despite organizational changes elsewhere.
13. These minor amendments were not part of the consultation.

Rationale for intervention

14. Discussions have been ongoing for some time between the IOC and the DCMS regarding the upcoming Olympic Games, in particular to strengthen the ability of the IOC to receive and share information, should any threats to betting integrity arise during the course of the Games. As the IOC is not listed on the current Schedule 6, it requested that it be added to facilitate the process.
15. The Government Olympic Executive gave a commitment to the IOC to make the amendment to Schedule 6 before London 2012. It is therefore practical to include the other amendments at the same time.
16. The existing Schedule 6, Part 3 covers the largest sports played across the UK – as at the time the Act was drafted. To assess whether this list was still relevant or whether further amendments were necessary, three criteria were used: the volume of cases received by the SBIU; the volume of betting on individual sports; and the international equivalents of major domestic SGBs, not currently represented on the Schedule. Four additional domestic sports were identified, and seven international bodies (including the IOC).

17. Under section 351 of the Gambling Act, only the Secretary of State for Culture, Media and Sport has the power to amend the Schedule, should the need arise.

Policy Objective

18. Schedule 6 (Part 3) of the Gambling Act 2005 lists persons and bodies for the purpose of exchanging information with the Gambling Commission (GC). This is an essential part of improving sports betting integrity, because it allows information about suspicious betting patterns to be identified and dealt with, to avoid or prevent match fixing.

19. The International Olympic Committee (IOC) has asked the Department to amend Schedule 6 to include it in the list, in order to ensure that collaboration between it and the GC in addressing sports betting matters is established before and during the London 2012 Games.

20. Further additions are proposed to Parts 2 and 3 of Schedule 6 to update and ensure the coverage of the main sports in the UK, and to better reflect the domestic and international SGBs that the Gambling Commission deals with on a regular basis.

21. It is important that the UK can demonstrate to these SGBs that there are appropriate safeguards in place to preserve sports integrity in relation to betting in the UK. Where information does not relate to a criminal investigation or proceedings, and if the SGB is not listed in the Schedule, the GC has to make a decision on a case by case basis as to whether it is appropriate to share the information, which can be resource intensive, and risks information not being shared accurately due to the detriment of both the sports and gambling markets.

Options considered

22. Three options were considered: *Option 1 – Do nothing; Option 2 – To amend to specify ‘a class or description of persons or bodies’; Option 3 – to add specific SGBs to Schedule 6.*

Option 1 – Do nothing

23. The Government considered maintaining the status quo, whereby the GC could continue to provide information to SGBs not on the Schedule. In light of the limited and outdated list and the statutory and/or legal constraints (including data protection) imposed on the GC for SGBs not on the Schedule, however, it was decided that this was no longer viable. If an SGB is not listed in the Schedule, the GC has to make a decision on a case by case basis as to whether it is appropriate to share the information, which can be resource-intensive, and risks information not being shared accurately due to the detriment of both the sports and gambling markets.

Option 2 – To amend to specify ‘a class or description of persons or bodies’

24. This option would amend Schedule 6 to allow the use of the class explanation to create a line in the Schedule that would identify ‘a recognised and constituted body that regulates a sport ... able to impose regulatory sanctions on participants’, and then provide them with information subject to existing statutory or legal constraints. It was the Gambling Commission’s preferred option as it would future-proof the Act against further changes.

25. Government considered, however, that a generic reference to SGBs would not survive scrutiny as it materially changes the procedure in the Act itself which underpins it, by effectively removing the need for any further persons/SGBs to be added to Schedule 6 by way of an order. It also confers a discretion on the GC to decide whether an SGB is suitable to exchange information with - which may be an unlawful delegation of powers to the GC.

26. The fact that the Act provides for a means of adding to the list by order clearly shows that Parliament intended to reserve a requirement for it to supervise any additions, or to at least (tacitly) approve the full gamut of bodies included in any class or description. Had just any SGB been thought appropriate, then the Act could have been drafted accordingly, and would not have included a separate list.

Option 3 – to add specific SGBs to Schedule 6

27. This was the Government's preferred option.

28. The criteria used for selecting the SGBs to be added to Part 3 of the Schedule were the volume of cases per sport received by SBIU; the volume of betting on individual sports; and the international equivalents of major domestic SGBs not currently represented on the Schedule.

29. Since its inception in 2007 the SBIU has closed 107 betting integrity cases between September 2007 and March 2011

Percentage of cases:

Sport	% of cases ranges*
Football	11%+
Horseracing	
Tennis	
Snooker	5-10%
Greyhounds	
Cricket	0-4%
Rugby	
Boxing	
Darts	
Golf	
Bowls	
Squash	

Volume of betting on individual sports:

Sport	% of volume ranges*
Football	6%+
Horseracing	
Tennis	0-5%
Snooker	
Rugby	
Greyhounds	
Golf	
Darts	
Cricket	
Tennis	
Motorsport	

*Figures provided by the Gambling Commission

30. All the sports on both tables are already covered by the existing Schedule 6 list apart from snooker darts, bowls, squash and motorsport. Taking into account these criteria, it is proposed that UK governing bodies covering darts, bowls, squash and motorsport are added to the Schedule.
31. It is also proposed that the following international bodies are added to the Schedule – IOC (International Olympic Committee); ICC (International Cricket Council); UEFA (Union of European Football Associations); FIFA (Fédération Internationale de Football Association); ITF (International Tennis Federation); WPBSA (World Professional Billiards and Snooker Association); and IRB (International Rugby Board) – to cover the sports considered to be at risk as assessed against the criteria.
32. All of the above bodies were therefore included in the consultation document.

Consultation

33. A public consultation was held between 17 August and 9 November 2011 in relation to *Option 3 – to add specific SGBs to Schedule 6*. The consultation addressed the inclusion of the IOC, the proposed UK and international governing bodies and also asked for any other bodies which should be added to the Schedule. Respondees were also asked for any burdens and/or costs which would result from these proposals.
34. 22 responses were received. Of those that referred to the inclusion of the IOC, all were in favour. No respondent disagreed with the proposed SGBs to be added – Six Nations Rugby Limited, Celtic Rugby Limited and British Lions Limited all particularly supported the inclusion of the International Rugby Board - and a further 15 SGBs (both domestic and international) were nominated to be included.

Costs/benefits

Option 1 – Do nothing;

35. Option 1 not appraised as considered not viable due to the resource and risk impacts (see above).

Option 2 – To amend to specify ‘a class or description of persons or bodies’;

36. Option 2 not appraised as not legally viable (see above)

Option 3 – to add specific SGBs to Schedule 6.

37. Option 3 is preferred, and is appraised below.

Benefits of the preferred option

38. “Match fixing undermines public confidence in a sporting competition which in turn can have the effect of wiping out the commercial and moral value that vests in that particular sport with drastic consequences for its ability to secure TV coverage, sponsorship – with the associated financial and economic benefits - and growth in grassroots participation” – The Sports Rights Owners Coalition response.

39. Adding SGBs to Schedule 6 will reassure the general public that they are betting on open and transparent sporting contests. Consumer confidence for both punters and spectators can only have a positive economic impact through bets laid and turnstile receipts – for example, according to the BHA response, horseracing “annually generates around £3.4 billion expenditure into the British economy”.
40. The GC has been able to assist SGBs that are listed on Schedule 6 with their investigations into sports betting integrity issues over the last year. This has been in the form of providing information, where appropriate, that the GC has obtained via its powers under the Gambling Act 2005. William Hill indicated that “the easier it is for the regulatory authorities to exchange information with SGBs, the more likely it is that unusual or otherwise suspicious betting patterns will be investigated”.
41. This assistance has resulted in disciplinary action consisting of fines and suspensions, as well as raising awareness in the respective sports of a need to monitor suspicious betting activity, thus maintaining public confidence in both the sports and gambling markets.
42. The Association of British Bookmakers stated that “the alternative would be for a range of separate agreements to be drawn up, which would have to be managed in parallel with the reporting commitments operators have under Licence Condition Licence 15.1, with all the attendant potential for confusion and error that would bring”.

Costs of the preferred option

43. Neither the SGBs nor the responders from the betting industry itself have said there will be a cost impact. The two responders who indicated there may be additional cost burdens are both representative bodies, but failed to provide any further information.
44. The Gambling Commission has also indicated that being listed on Schedule 6 imposes no burden on the SGB, it simply makes it easier for the GC to provide the SGB with information.
45. There are several bodies already listed on the Schedule that have changed their name. These will also be amended to reflect the new titles, but there will be no cost impact. These particular amendments were not consulted upon.

46. The regulatory impact on businesses

Specific Impact Tests

47. Financial and Economic

48. Social

Environmental

49. The amendments to Schedule 6 have no environmental impact.