

Amendments to Schedule 6 of the Gambling Act 2005 to facilitate better information sharing and enable the effective control of betting integrity issues. IA No: DCMS44 Lead department or agency: Department for Culture, Media and Sport Other departments or agencies: N/A	Impact Assessment (IA)		
	Date: 20/12/2011		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: Kate Jones Kate.Jones@culture.gsi.gov.uk			
Summary: Intervention and Options		RPC: RPC Opinion Status	

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year	In scope of One-In, One-Out? Measure qualifies as
£107k	£53	-£6k	Yes Out

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

Exchange of information between the Gambling Commission (GC) and Sport Governing Bodies (SGBs) is essential to the fight against sports betting corruption, which is harmful to sport itself and associated sports and betting markets. Schedule 6 of the Gambling Act 2005 lists persons and bodies for the purpose of exchanging information with the GC. Information can be exchanged with organisations not included on Schedule 6, but each case requires a legal opinion which takes time and is expensive. Schedule 6 therefore needs to be kept under review to ensure relevant bodies are included so that information sharing can happen in a timely and effective manner. The International Olympic Committee (IOC) has requested that it be added to Schedule 6 in advance of the 2012 Olympic and Paralympic Games, in case threats to betting integrity arise during the course of the Games. This has triggered a more general review of Schedule 6.

What are the policy objectives and the intended effects?

To allow information about suspicious betting patterns to be identified and dealt with, to avoid or prevent match fixing in a timely and cost effective manner.
 To add the IOC to ensure that collaboration between it and the GC in addressing sports betting matters is established before the 2012 Olympic and Paralympic Games.
 To consider 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.

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

- Do nothing and maintain existing Schedule 6* – This option was dismissed because it does not meet the policy objective.
- Amend Schedule 6 to specify 'a class or description of persons or bodies'* – This option was dismissed as it was not considered to be legally viable since it would materially change the procedure in the Gambling Act 2005 which underpins it.
- Add specific SGBs to Schedule 6* – This is the preferred option. It meets the policy objective by allowing free information sharing between the GC and additional SGBs. This avoids the need to seek a legal opinion, increasing the speed at which the organisations concerned respond to betting integrity incidents, to maintain faith in sporting contest and support sports related markets, including betting. Organisations will also make a resource saving. There is no change in the obligation to share information but the process by which this happens is smoothed; there are thus no cost impacts.

Will the policy be reviewed? It will not be reviewed. If applicable, set review date: N/A					
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: John Prowse Date: 21 Feb 2012

Summary: Analysis & Evidence

Preferred Option

Introduce proposals to amend the Gambling Act by means of a Legislative Reform Order (LRO);

FULL ECONOMIC ASSESSMENT

Price Base Year 2010	PV Base Year 2011	Time Period 10 Years	Net Benefit (Present Value (PV)) (£k)		
			Low: 0	High: 1,070	Best Estimate: 107

COSTS (£k)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	0	0	0
High	0		0	0
Best Estimate	0		0	0

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

No costs are anticipated. Requirements to share information are already in place, and will remain in place under the preferred option. This proposal simply makes the sharing of this information easier.

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

N/A

BENEFITS (£k)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0	0	0
High	0		124	1,070
Best Estimate	0		12	107

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

The preferred option reduces the resources required to meet the legislative requirement to share information pertaining to suspected betting integrity cases. Under current legislation legal advice has to be sought on a case-by-case basis costs be alleviating the need for both Resource costs saved by not having to seek case-by-case legal advice.

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

Improvements to prospects for preventing match fixing – leading to greater consumer confidence in sports, and thereby support sports markets and sports betting markets. This is likely to have wellbeing benefits from greater consumer enjoyment of sport, as well as commercial benefits from increased interest in sports markets and sports betting markets.

Key assumptions/sensitivities/risks

Discount rate (%) 3.50%

The assumptions used to calculate the benefits of the preferred option are based on information about the expected number of cases in sports that are to be added to Schedule 6, combined with information of the average cost of seeking a legal opinion. These assumptions are provided by the Gambling Commission, with the uncertainty in the number of future cases reflected in a range of possible expected cases giving which are used to derive the low and high estimates.

There is further uncertainty in the total benefits assessment because potentially significant benefits from reinforced public confidence in the fairness of sport have not been quantified or monetised. This means that the Impact Assessment does not fully capture all the possible effects of the policy proposal. This is not considered to be a risk to the integrity of the policy decision because in the absence of any costs, and with some clear benefits, the balance of evidence indicates that the policy is of net benefit to society anyway.

The key risk for is around the possible misuse of data in a more liberal information sharing relationship. This is mitigated by the Gambling Commission having strong understanding and controls around data handling, and in particular processes that restrict the sharing of information to organisations that are not considered to be able to comply with the Data Protection Act 1998.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £k:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: 53	Net: -6	Yes	Out

Evidence Base (for summary sheets)

Background

Sports betting regulatory landscape

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 in the fairness of sporting outcomes and subsequently their interest in the sport concerned. Erosion of interest in sport is detrimental to the sport as an institution, and has negative consequences for the spectator sports market and sports betting markets, as well as the wider community interests vested in these industries.
2. Given the potentially serious effects of sports betting corruption, legislation is in place under the Gambling Act 2005 to ensure that the sports betting market is monitored for irregular betting patterns, allowing the relevant enforcement authorities to tackle criminal sports corruption effectively.
3. There are three key players in the fight against sports betting corruption. 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, including the UK's Serious Organised Crime Agency (SOCA). The GC is also continually developing its links with other regulators outside the UK. The GC has a range of investigative powers to enable this work.
4. Sports Governing Bodies (SGBs), at both a domestic and international level, also have a role to play in ensuring sport is free from corruption, springing from their mandate to promote good governance for the sports that they represent. Whilst they do not have legal powers of enforcement to investigate criminal activity, they can use their intimate knowledge of their sports to assist the GC, and by extension the police, in their enforcement capacity. They also benefit from advance information from the GC that allows them to manage reputational risks to their sports from any specific instance of corruption, and review the measures they have in place to mitigate corruption risk more generally.
5. 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. 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 a SGB defined in the Gambling Act 2005 must provide the SGB with sufficient information to conduct an effective investigation.
6. Since its inception in September 2007, and up to March 2011, the SBIU has closed 109 out of a total of 197 betting integrity cases. 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.

Information sharing and Schedule 6 of the Gambling Act 2005

7. Information sharing between interested parties is key to effectively combatting sports betting corruption and preserving the integrity of sports betting, since it allows suspicious betting patterns to be identified and dealt with to avoid or prevent match-fixing. This is provided for

in the Gambling Act 2005, where Schedule 6 lists persons and bodies for the purpose of exchanging information with the GC. Schedule 6, Part 2 and Schedule 6, Part 3 define precisely which organisations may share information with the GC.

8. Part 2 lists 'enforcement and regulatory bodies' that can exchange information with the GC:
 - The Director and staff of the Assets Recovery Agency
 - The Charity Commission
 - The Financial Services Authority
 - The Horserace Betting Levy Board
 - The Director General and staff of the National Crime Squad
 - The Director General and staff of the National Criminal Intelligence Service
 - The Occupational Pensions Regulatory Authority
 - The Office of Fair Trading
 - The Serious Fraud Office

9. Part 3 lists 'sport governing bodies' that can exchange information with the GC:
 - The British Boxing Board of Control Limited
 - The England and Wales Cricket Board Limited
 - The Football Association Limited
 - The Football Association of Wales Limited
 - The Horseracing Regulatory Authority
 - The Lawn Tennis Association
 - The Irish Football Association Limited
 - The Jockey Club
 - The National Greyhound Racing Club Limited
 - The Professional Golfers' Association
 - The Rugby Football League
 - The Rugby Football Union
 - The Scottish Rugby Union
 - The Scottish Football Association Limited
 - UK Athletics Limited
 - The Welsh Rugby Union Limited

10. The Gambling Commission may provide information to SGBs that do not appear on Schedule 6, 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. This can be resource-intensive for the GC, and risks information not being shared in an accurate or timely fashion, to the detriment of both the spectator sports market and the sports gambling market.

Problem under consideration

11. Given the importance of maintaining the integrity of sport, it is important to ensure that the GC can easily share information across an appropriate range of sports that are at risk from corrupt betting. Effective information sharing is facilitated by Schedule 6 which circumvents the need to seek an extensive case-by-case legal opinion on information sharing. It is therefore logical to regularly review Schedule 6, to ensure that GC has adequate coverage of enforcement and regulatory bodies and SGBs to avoid or prevent match-fixing.

12. There are two aspects to the problem of ensuring the Schedule covers an appropriate range of sports: expanding current regulation to cover more sports betting integrity risks; and updating the existing schedule to ensure it accurately reflects information sharing powers originally intended for the GC. These aspects of the problem are described below.

Expanding current regulation

13. The International Olympic Committee (IOC) requested that it be added to Schedule 6 in advance of the 2012 Olympic and Paralympic Games, in case threats to betting integrity should arise during the course of the events. 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 Olympic and Paralympic Games. The amount of betting on Beijing 2008 and Vancouver 2010 was relatively modest, but the latest intelligence that the GC has received leads them to believe that betting on London 2012 is likely to be significantly higher. 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 Olympic Games are 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 Olympic Games.
14. In addition, the GC has suggested adding further bodies to Part 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 SGBs are added that cover the major sports for which they would want domestic SGB representation, 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 minor amendments to Schedule 6

15. There are several bodies listed in Part 2 and Part 3 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. These minor amendments were described in the consultation document but were not opened up to consultation.

Rationale for intervention

16. 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.
17. 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 suggested by the GC at the same time.
18. 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.

19. It also came to light that some of the bodies that were listed on Schedule 6 when the Gambling Act 2003 came into effect have since changed their organizational structure (for example being merged with another body) or have changed their name. In order to preserve the original intention of the Gambling Act 2005, amendments to Schedule 6 need to be made to reflect these changes.
20. Under section 351 of the Gambling Act 2005, only the Secretary of State for Culture, Media and Sport has the power to amend Schedule 6, should the need arise.

Policy Objective

21. Taking into account all the considerations above, the policy objective is to ensure that Schedule 6 is updated to fulfil a commitment to the IOC regarding their inclusion, and cover comprehensively the organisations that the GC deals with on a regular basis. In doing this, the policy ensures that information about betting integrity issues flows between sporting and enforcement bodies in a timely fashion and reduces the resource burden placed on the GC and SGBs. This furthers the ultimate aim of protecting the integrity of sport, and the sports market and sports gambling market interests that are associated with it.

Options considered

22. Three options were considered: *Do nothing*; *To amend the Gambling Act 2003 to specify 'a class or description of persons or bodies'*; *To make specific additions and amendments to Schedule 6*. These options are set out in more detail below.

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 legal constraints (including data protection) imposed on the GC for SGBs not on Schedule 6, 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 Gambling Act 2005 against further changes.
25. DCMS considered, however, that a generic reference to SGBs would not survive scrutiny as it materially changes the procedure in the Gambling Act 2005 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 Gambling Act 2005 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. For these reasons, this option was not considered viable.

Option 3 – to make specific additions and amendments to Schedule 6

27. This is the preferred option, and it is considered the only path available to address the policy objective. Specific additions and amendments were set out in a consultation document, and responses received from the consultation exercise have prompted further proposed additions to Schedule 6. A detailed description of the specific changes to Schedule 6 are set out below.

28. The criteria used for selecting the SGBs to be added to Schedule 6, Part 3 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 already represented on Schedule 6. Amendments to organisations that were originally included on Schedule 6 that have since changed their organisational structure or name are assessed on a case-by-case basis.

Proposed additions and amendments included in the consultation

29. Taking into account the proportion of betting integrity cases and the proportion of volume of sports betting, it is proposed that the following UK SGBs are added to Schedule 6:

- British Darts Organisation
- Bowls England
- England Squash & Racketball
- Motor Sports Association

These SGBs are added on the criteria of proportion of betting integrity cases and the proportion of volume of sports betting. The sports these SGBs represent currently do not have any domestic coverage, and the metrics described in the table below suggest that they represent risks and should be included in Schedule 6, Part 3.

Table 1: risk metrics for Schedule 6 additions proposed in consultation

Sport	Proportion of betting integrity cases¹ / %	Proportion of sports betting volume² / %
Darts	0-5%	0-5%
Bowls	0-5%	0-5%
Squash	0-5%	0-5%
Motorsport	0-5%	0-5%

30. It is proposed that the following international bodies are added to Schedule 6:

- International Olympic Committee (IOC)
- International Cricket Council (ICC)
- Union of European Football Associations (UEFA)
- Fédération Internationale de Football Association (FIFA)
- International Tennis Federation (ITF)
- World Professional Billiards and Snooker Association (WPBSA)
- International Rugby Board (IRB)

¹ Metric on proportion of betting integrity cases is presented as a range rather than a point figure to protect information that is both commercially sensitive and could prejudice future investigations. Data taken from the GC.

² Metric on proportion of sports betting volume is presented as a range rather than a point figure to protect information that is both commercially sensitive and could prejudice future investigations. Data taken from the GC.

As explained in paragraphs 16-17 the IOC has requested to be added to mitigate risks arising from the 2012 Olympic and Paralympic Games. The other bodies are proposed to be added on the grounds that the sports they govern should be represented by domestic SGBs, and it would be useful to have their international equivalents.

31. To accurately reflect changes in the organisational structure and names of some organisations that are currently on the Schedule but are no longer correct, the Assets Recovery Agency, National Crime Squad, and National Criminal Intelligence Service will be deleted from Schedule 6, Part 2 having been absorbed into the Serious Organised Crime Agency which will be added to Schedule 6, Part 2. The Pensions Regulator is added to Schedule 6, Part 2, reflecting the renaming of the Occupational Pensions Regulatory Authority. In Schedule 6, Part 3, The Horseracing Regulatory Authority and The National Greyhound Racing Club Limited are renamed to The British Horseracing Authority and The Greyhound Board of Great Britain respectively. The Lawn Tennis Association has changed its name to the Lawn Tennis Association Limited, and this will also be updated in Schedule 6, Part 3.

Consultation, response, and further additions to Schedule 6

32. A public consultation was held between 17 August and 9 November 2011 in relation to *Option 3 – to make specific additions and amendments 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. Responders were also asked for any burdens and/or costs which would result from these proposals.

33. 22 responses were received. Of those that referred to the inclusion of the IOC, all were in favour, and no responder disagreed with the proposed SGBs to be added.

34. Some responses did, however, indicate that they felt there could be benefit from adding additional SGBs. The following national and international SGBs suggested in the consultation responses are also to be added to Schedule 6, Part 3:

- England Hockey Board
- London Marathon
- International Hockey Federation
- Irish Turf Club (ITC)
- World Darts Federation
- Six Nations Rugby Limited
- Celtic Rugby Limited
- British Lions Limited
- Tennis Integrity Unit (TIU)
- European Rugby Cup Limited
- Association of European Football Leagues
- Rugby League Federation
- Commonwealth Games Federation
- International Amateur Athletics Association

The first two items on this list are national SGBs. These were considered on reflection against the risk metrics of proportion of betting integrity cases and proportion of sports betting volume to be of sufficient concern to be included in Schedule 6. The metrics are presented in the table below.

Table 2: risk metrics for Schedule 6 additions suggested in consultation response

Sport	Proportion of betting integrity cases³ / %	Proportion of sports betting volume⁴ / %
Hockey	0-5%	0-5%
London Marathon	0-5%	0-5%

35. The other items on this list are international SGBs. These were considered appropriate for inclusion on reflection against the fourth criteria of usefully adding to the international coverage domestic SGBs that are listed in Schedule 6.
36. There is a further rationale that supports the addition of these domestic and international SGBs. While essential SGBs were proposed at the consultation stage, discussions with stakeholders were actively sought as to other bodies that could be potentially be included on Schedule 6. There is sense in including bodies even if there is not a pressing immediate concern. The information sharing relationship facilitated by Schedule 6 is permissive and allows for the exchange of intelligence should the need arise, without creating any additional burden. In this sense there is an element of judgement in deciding which bodies to include to “future proof” the proposed legislative amendment, and these additional bodies were considered by the GC to be appropriate.
37. The following SGBs were suggested in consultation responses but have been discounted and are not included as part of the preferred option:
- ATP World Finals – The TIU will cover the integrity work for all the major tennis bodies, including the ATP.
 - Horseracing Ireland – This body is responsible for administering horse racing in Ireland, while the ITC is the regulatory body and should therefore be listed on Schedule 6.
 - European Sports Security Association (ESSA) – While they monitoring betting in Europe, this organisation is funded by the betting industry and is not technically an SGB.

Costs and benefits of policy options

Option 1 – Do nothing;

38. Option 1 is the do nothing option, representing a continuation of the *status quo*. It forms the baseline against which the the policy options can be appraised.

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

39. Option 2 is not considered to be legally viable as described in paragraphs 24-26. It is therefore not taken any further, and the benefits and costs of this approach are not appraised.

Option 3 – To add specific SGBs to Schedule 6.

40. Option 3 is the preferred option to fulfil the policy objective. The benefits and costs of this option are appraised relative to the baseline below. It is important to note that the assessment of benefits and costs of the preferred option relates only to the UK. The preferred option includes the addition of a number of international SGBs. Impacts that occur on these organisations outside of the UK are not considered as part of the appriaisal where they have no impact on UK citizens, although any spillover impacts to the UK are of course

³ Metric on proportion of betting integrity cases is presented as a range rather than a point figure to protect information that is both commercially sensitive and could prejudice future investigations. Data taken from the GC.

⁴ Metric on proportion of sports betting volume is presented as a range rather than a point figure to protect information that is both commercially sensitive and could prejudice future investigations. Data taken from the GC.

discussed. It is also worth noting that the assessment of costs and benefits relates only to those SGBs that have been added to Schedule 6. It has been assumed that amendments driven by changes in organisational structure or name or organisations originally listed in the Schedule have no substantive impact relative to the baseline, because they are in effect nothing more than a continuation of the *status quo*.

Proportionality

41. The depth of assessment made of the preferred option should be in proportion to the scale of the intervention being made. There are several reasons to suggest that the level of analysis required for the proposed option is low. There is relatively little stakeholder interest or sensitivity in the policy, as demonstrated by a total of only 22 responses to the consultation document. The policy is not novel, contentious, or irreversible, with the preferred option simply being a minor extension and update of existing legislation. The impact of the proposed option is intuitively small – the proposal simply eases the process and speed of information that would be shared in any case. For these reasons the assessment of benefits and costs associated with the preferred option is not extensive. The analysis focuses on a qualitative treatment of potential effects, with impacts quantified where data is available at reasonable cost.

Practical example of how Schedule 6 works

42. Before appraising the benefits and costs of the preferred option, it is helpful to illustrate the way in which the information sharing relationship works with a brief indicative example. The GC might receive intelligence that a sports player is suspected of working with criminal elements to corrupt an event, perhaps through the identification of an irregular betting pattern by a betting firm. In this case the GC would most likely want to obtain some information on that player from the relevant SGB. If the SGB is listed on Schedule 6 the information can be shared freely, without the SGB needing to seek legal advice as to whether they can share information in this particular case. Similarly, if in the course of subsequent investigations the GC uncovers evidence of a breach of the SGB disciplinary code, then the GC would look to pass on this information to the SGB. Again, if the SGB is listed on Schedule 6 the information can be shared freely, without the GC needing to seek legal advice as to whether they can share information in that particular case.

Benefits of the preferred option

43. Two key benefits stem from the possibility of information sharing without needing to seek legal opinion. Firstly, both the GC and the SGB can respond to a sports integrity threat in a faster and hence more effective fashion (because legal opinion takes time to reach). Secondly, both the GC and the SGB can operate in a more cost effective way (because legal opinion has a resource cost).

44. To make any assessment of these impacts it is necessary to know how large the information sharing impasse is for those organisations to be added to Schedule 6. The GC records the number of times a legal opinion has been required in dealing with suspected betting integrity incidents. For the bodies that are proposed to be added to Schedule 6, only one legal opinion on information sharing has been required by the GC in the last twelve months. This is a reasonable guide to the future, and while predicting future requirements for information sharing is very difficult the GC expect that there would certainly be no more than ten cases per year. This demonstrates how small the expected effect of the policy would be likely to be. Nevertheless some small benefits can still be expected.

45. The ability of the GC and an SGB to respond to a sports betting integrity threat at a faster pace is likely to result in a lower incidence of gambling corruption and a more managed response to any match fixing scandal that does occur. This in turn is likely to lead to

increased confidence levels in the fairness of sport, and consumer interest in sport. This delivers wellbeing benefits associated with consumer enjoyment of sport, and it also supports economic benefits delivered by the sports market and the betting market. There might be also be wider social impacts in terms of improved amateur participation in sports, which can deliver benefits such as social cohesion and health benefits.

46. The logic of these effects seems reasonable, but their impact on various stakeholders within society are extremely difficult to quantify. To be able to quantify the impact it would first of all be necessary to know how any increase in the speed of response will effect the number of sports betting integrity incidents that are prevented. There would then need to be a mechanism for relating the change in the number of sports betting incidents prevented to the level of consumer confidence in sport, and an understanding of the relationship between the level of consumer confidence and spectator levels, betting volumes, and amateur participation.
47. Reviewing the evidence base shows an absolute paucity of reliable information and studies that assess the links between institutional speed of response to match fixing incidents and economic and social outcomes related to sports markets and gambling markets. Developing an evidence base in this area would require a substantial investment of resources that is completely disproportional to the scale of the proposed intervention. Such a study would also take time, and with the pressing need to enact the proposal in time for the 2012 Olympic and Paralympic Games this sort of work would be entirely unrealistic. It is worth noting, however, that the Sport Satellite Account shows spectator sports and sports gambling industries made in 2006 a consumer expenditure contribution to the UK economy of £710m and £2,828m respectively.
48. The qualitative arguments presented above in paragraphs 45-47 are supported by the consultation process, but respondents were also unable to provide any quantitative evidence to support this position. William Hill responded to the consultation by stating 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". And the Sports Rights Owners Coalition added that: "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."
49. The other benefit to the preferred option is a reduction in resource costs for the GC and SGBs, stemming from the fact that they no longer have to seek a costly legal opinion each time they wish to share information. The GC estimates the cost of seeking legal advice at £6,200 per opinion. It is assumed that that this is cost is duplicated for the SGB responsible for sharing information in the other direction, so that there is a total cost per betting integrity case of £12,400, split evenly between government (the GC) and business (the SGBs). Multiplying this amount by the total number of cases affected by the proposal gives an estimate of the total benefit from cost savings per annum. The information provided by the GC on the number of cases requiring legal opinion for the additional SGBs over the past year, described in paragraph 46, allows for the calculation of a range of possible cost saving impacts. The low estimate in the range assumes no legal opinions would be needed. The central estimate allows for one case per year with two legal opinions from the GC and SGB. The high estimate assumes ten cases with twenty legal opinions from the GC and SGBs. The following table presents the results of these calculations at present value over a ten year appraisal period with a discount rate of 3.50%.

Table 3: Summary of cost saving benefits from the preferred option

Area of impact	Assumption		
	Low / £k	Central / £k	High / £k
Business	0	53	534
Government	0	53	534
Total	0	107	1,070

Table 3 helpfully shows that the preferred option is expected to deliver some small cost savings for both the GC and SGBs over the appraisal period under the central estimate, with more savings being delivered under the less conservative high assumption on cases. The low assumptions illustrates the possibility that no betting integrity cases arise. These benefits are likely to be underestimated because they only take into account cost savings and not any wider benefits from increased confidence in sports.

Costs of the preferred option

50. There are clearly some benefits from the proposed option. This section demonstrates that there are no costs borne by the stakeholders responsible for combatting sports betting corruption. As noted in paragraphs 2-5 the three stakeholders are the GC (government), SGBs (businesses⁵), and betting industry firms (businesses).
51. There are no direct costs to the GC and the SGBs. There is a legislative requirement for information sharing between these organisations which is being maintained, and as explained in paragraph 49, the preferred option actually reduces the costs this requirement imposes on these organisations by alleviating them from the burden of having to repeatedly seek a legal opinion on a case-by-case basis.
52. It is not anticipated that there will be any additional costs imposed on the betting industry itself. Businesses operating in this industry are required by law to report any evidence that appears to indicate a sports betting irregularity. This does not change as more SGBs are added to Schedule 6, but once the information is in the hands of the GC it may be exchanged more easily. There is a requirement under Licence Condition 15.1 for betting industry firms to share information directly with SGBs listed in Schedule 6, Part 3. Given that the preferred option would increase the number of SGBs on Schedule 6, Part 3, it would seem that this amounts to an increase in regulatory burden for gambling businesses. In reality this is, however, not the case. The businesses have to share the information with the GC in any case so there are no additional monitoring costs, and gambling businesses only have to copy this existing information to the SGB as well as the GC. If this resulted in any additional cost, for example adding an additional name to email correspondence, it could only be considered immaterial.
53. It is therefore not possible to identify any cost impacts of the preferred option. With no cost impacts to quantify, the cost of the preferred option is considered to be zero.
54. This position is supported by the response to the consultation process. Neither the SGBs nor the responders from the betting industry itself stated that there will be a cost impact. The two responders who indicated there may be additional cost burdens are both representative bodies, but did not explain the reasoning behind their concern and failed to provide any evidence to substantiate their claim. Given the arguments presented in paragraph 52 these concerns are considered to be unjustified.

⁵ All UK SGBs currently listed on Schedule 6 and all UK SGBs proposed to be added to Schedule 6 under the preferred option have the status of private limited liability companies.

Impact of the preferred option on the regulatory burden imposed on businesses

55. It is important to consider the impact of the proposed option on the regulatory burden that is imposed on business. The discussion above notes that the preferred option imposes no new costs on business, while actually providing a benefit by reducing existing compliance costs that business faces. The policy proposal amounts therefore to a reduction in regulation, or an “Out”. The total size of the reduction in regulatory burden is measured by the equivalent annual net cost to business (EANCB). Derived by annuitising the business benefits calculation in paragraph 49, this amounts to -£6,200 in the central estimate.
56. It is possible that some SGBs are “Micro” organisations, although this is considered to be extremely unlikely. These organisations have in any case not been exempted from the legislative amendment because the preferred option is deregulatory in nature, and it is desirable that “Micro” organisations should benefit from this reform.

Conclusion: policy recommendation

57. The IA supports the preferred option. There are clear and identifiable benefits to the preferred option from improving the protection for sports and related markets, as well as providing an efficiency saving for government and business. There are no corresponding costs. The central estimated net present value (NPV) of the proposal to society is £0.1m. Within this there is a decrease in the regulatory burden that is currently imposed on businesses, amounting to an EANCB of £6,200. The evidence base presented thus gives a clear assessment in favour of the preferred option.

Specific Impact Tests

Financial and Economic

58. The assessments of economic costs and benefits summarised in paragraph 57 notes that the proposed option generates a net benefit for society. There is an efficiency gain for government, a wider economic benefit for industries associated with sports and sports betting, and no additional regulatory burden on businesses or civil society organisations of any size. There will be no impact on competition beyond the objective of ensuring that betting markets are operated on a fair and transparent basis. The aim of the proposal is to improve the flow of information to assist investigation into apparent instances of criminal activity.
59. The Human Rights Act 1998 is aligned with the Data Protection Act 1998, and makes it unlawful for any public authority to breach the European Convention on Human Rights (ECHR). Article 8 of ECHR specifically states that bodies may not breach the right of privacy unless it is for the purpose of national security, public safety, prevention of crime, protection of health or the protection of rights and freedom of others – this includes protecting private information from misuse. The Gambling Commission only shares information in accordance with these legislative requirements. The Gambling Commission already shares proportionate information with SGBs where offences of cheating are suspected. For example, section 29(3) of the Data Protection Act 1998 provides for disclosure of data and information for certain purposes, including the prevention or detection of crime. The proposal will only affect the ease with which this information is shared. The provision of information by the Gambling Commission to organisations listed on Schedule 6 is conditional upon these parties applying satisfactory information handling procedures and appropriate security controls. Regardless of any new proposal, the Gambling Commission will continue to restrict the exchange of information with organisations that do not have appropriate information handling procedures, security controls or the ability to be able to act on the information in the furtherance of the licensing objectives.

Social

60. The main aim of the Schedule is the prevention of serious crime. Beyond the economic effects of increased confidence in spectator sports and sports betting markets, there will be positive social impacts on individuals and communities that are afflicted by match fixing from any reduction in the incidence of crime that results from the proposal.

Environmental

61. The proposed amendments to Schedule 6 are considered to have no environmental impact.