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DCMS/Gambling Commission consultation on Proposals for Gambling Commission Fees from April 2017 – Submission by the Sports Betting Group

The Sports Betting Group

The Sports Betting Group (SBG) brings together representatives from national governing bodies of sport and player associations to consider threats to the integrity of sporting competition and to promote best practice in tackling sports betting corruption. The SBG was formed in 2010 following the report of the Sports Betting Integrity Panel chaired by Rick Parry. We work closely with others who have an interest in preserving sports betting integrity, including the Gambling Commission, and further information can be found at: www.sportsbettinggroup.org.

Protecting the integrity of sport and sports betting is a key priority for sports governing bodies and player associations and we recognise the role played by the Gambling Commission in achieving this objective. In this context, the way in which fees to are set to cover the costs of the Commission's integrity functions is of particular importance and the Sports Betting Group welcomes the opportunity to comment on the proposals in the consultation.

Comments on the proposals

We do not have specific comments on the detailed proposals regarding fees, however as a key stakeholder on betting integrity the SBG would make the following points:

- Protecting the integrity of sport and sports betting must continue to be a key priority for the Commission and be resourced appropriately. The creation of the Sport and Sports Betting Integrity Action Plan and the formation of the Sports Betting Integrity Forum have provided an important focus for work in this area but the challenge now is to ensure that the progress achieved to date is built upon. This means ensuring that the available resources are sufficient to match the scale of the SBI Action Plan's ambition to make the UK a recognised leader in terms of betting integrity. In this context, it is important that fees are set at a level that ensures resources are available to the Commission to implement the SBI Action Plan – and any subsequent iterations – in full.
- The consultation makes clear that the Commission's thematic costs – including the costs associated with betting integrity – do not necessarily vary in direct proportion to the volume of betting activity or number of operators. Against this background, we are concerned that the proposals indicate that a combination of projected efficiency savings and the use of reserves will see fees fall by 10% in cash terms. While we recognise it is important the Commission

demonstrates it is an efficient regulator, for reasons set out further below we believe that a more cautious approach that recognises the importance of retaining adequate financial flexibility to respond to changing circumstances – notably in the field of betting integrity – is appropriate.

- Any fee structure put in place should be flexible enough to keep pace with developments in the wider gambling sector and, by extension, changes to the nature of betting corruption threats. A significant proportion of sports betting is now delivered through online and mobile channels and the point of consumption regime introduced by the Gambling (Licensing and Advertising) Act 2014 has brought new operators within the regulatory framework. This latter change is driving consolidation amongst operators but it has nonetheless resulted in a significant increase in reports to the SBIU – up by more than 50% since the Act came into force. Linked to this, the point of consumption regime means that the Commission must be proactive in preventing unlicensed gambling by policing the licensed/unlicensed boundary; this is particularly important since betting activity with unlicensed operators is effectively invisible to those charged with preventing sports betting corruption. Looking ahead, these market developments will pose new and different challenges to the integrity of sport and sports betting. The fee structure therefore needs to be sufficiently flexible to adapt to these shifts – and any resulting impacts on the Commission’s integrity-related functions – so as to enable sufficient costs to be recovered.
- The costs of integrity-related activity can often be difficult to predict with certainty, in particular where costs are incurred in carrying out criminal investigations and prosecutions. In this context we believe the Government and the Commission should consider introducing a discrete contingency fund – possibly funded from existing reserves – to ensure resources are available in the event the Commission needs to undertake additional integrity activity, for example to pursue a criminal investigation using its powers under the Gambling Act 2005. The fund could be rolled forward where there is an underspend for use in future years and, should costs exceed forecast, an ex-post adjustment could be levied on operators as appropriate. Overall, we believe that enforcement action of this kind, while expensive, is vital since it sends a strong message that criminal activity related to sports betting corruption will not go unpunished.

**Sports Betting Group
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