EXPLANATORY MEMORANDUM TO

THE CASINOS (GAMING MACHINES AND MANDATORY CONDITIONS) REGULATIONS 2025

2025 No. [XXXX]

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Culture, Media and Sport and is laid before Parliament by Command of His Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Declaration

2.1 Baroness Twycross, Parliamentary Under Secretary of State at the Department for Culture, Media and Sport, confirms that this Explanatory Memorandum meets the required standard.

2.2 Sarah Fox, Deputy Director for Gambling and Lotteries at the Department for Culture, Media and Sport, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Millie Dyer at the Department for Culture, Media and Sport (telephone: 07718696918 or email: millie.dyer@dcms.gov.uk) can be contacted with any queries regarding the instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument is part of a package of statutory instruments which together make a number of changes to the legislative framework for land-based casinos. The principal focus of this package is on casinos that were already operating when the Gambling Act 2005 came into force, but now make facilities for gambling available under the Gambling Act 2005 by virtue of a converted casino premises licence ("converted casinos").

4.2 This instrument amends the mandatory conditions which are attached to all converted casino premises licences, set out in Part 5 of Schedule 1 to the Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations (S.I. 2007/1409).

4.3 This instrument also amends the maximum gaming machine to gaming table ratio requirements for small 2005 Act casinos from 2:1 to 5:1, so that it matches that for large 2005 Act casinos. It also reduces the minimum size of the gaming table area for a small 2005 Act casino, from 500m² to 250m².

Where does the legislation extend to, and apply?

4.4 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales and Scotland for the amendment made to the Gambling Act 2005. The extent of this instrument is England and Wales for amendments made to the Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations 2007.

4.5 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales and Scotland for the amendment made to the Gambling Act 2005. The territorial application of this instrument is England and Wales for amendments made to the Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations 2007.

5. Policy Context

What is being done and why?

5.1 Many of the restrictions that apply to land-based casinos derive from legislation that had not envisaged the rise of online gambling and the unlimited availability of gambling at any time. In light of this, restrictions on product availability in casinos are now less important for protecting customers than factors such as the product design and the quality of monitoring. The changes made by the package of statutory instruments amend the restrictions that apply to some products, giving casinos greater freedom about what they offer customers, alongside strict rules which help to mitigate against the risk of gambling-related harm.

5.2 These instruments modernise the rules that apply to casinos and are intended to help the sector to grow – particularly in light of the difficulties the sector has faced following COVID-19 and the continued growth of the online gambling sector - while still ensuring that appropriate safeguards against gambling-related harm are in place. However, this will not come at the expense of protecting customers and this instrument in particular ensures that a number of strict rules are in place to ensure customers are offered a balanced variety of gambling and non-gambling opportunities in these venues.

5.3 The overall package brings the licensing regimes which govern 2005 Act casinos and converted casinos closer together. Primarily, this is achieved by allowing converted casinos the option of having the same gaming machine allowances as small 2005 Act casinos (up to 80 machines), provided they meet the same requirements on size and non-gambling space. For converted casinos that are smaller than a small 2005 Act casino, a sliding scale applies for gaming machine allowances, commensurate with size and non-gambling space. The package also permits betting in all converted casinos, as is currently permitted in all 2005 Act casinos.

5.4 In addition, this instrument makes two small changes to provide consistency between small and large 2005 Act casinos. The first aligns the machine to table ratios, increasing the ratio in small 2005 Act casinos from 2:1 to 5:1. This instrument also reduces the table gaming area requirement for small 2005 Act casinos from 500m² to 250m², which is more proportionate to its minimum gambling area requirement.

5.5 These changes provide an equitable approach to gaming machine entitlements across casinos, so that casinos of the same size can site the same number of gaming machines. The package also supports casinos in meeting consumer demand for gaming machines and potentially reduces the imbalance between casinos in England

and Wales and competitors internationally, which are generally allowed to site a much higher number of machines.

What was the previous policy, how is this different?

5.6 Small 2005 Act casinos were previously required to comply with a maximum machine to table ratio of 2:1, whereby for every two gaming machines sited, one table must be made available. This ratio has been updated from 2:1 to 5:1 in order to align small and large 2005 Act casinos. Among other things, this prevents operators from having to provide tables for which there is no customer demand to make additional gaming machines available (for which there is customer demand). Small 2005 Act casinos were also previously required to have a minimum table gaming area of 500m² – this requirement has changed from 500m² to 250m² to ensure its minimum table gaming area requirement is proportionate to its minimum gambling area requirement. The effect is comparable to large 2005 Act casinos, which are required to have a table gaming area of at least 1,000m² and a gambling area of at least 1,500m². It will also provide greater flexibility for small 2005 Act casinos. However, the package ensures that casino customers are still presented with a mixed offering of table and electronic gaming, alongside non-gambling activities.

5.7 For converted casino premises licences, the previous policy centred on the importance of casinos enabling customers to take a break from gambling by providing a non-gambling area in which they would not be exposed to any gambling facilities. This was primarily in reference to the three new categories of casinos that the 2005 Act established but the Government considered that the same regulatory argument applied to existing casinos and therefore extended the requirement for a non-gambling area to converted casinos. As a result, converted casinos are required to have a non-gambling area which is no less than 10% of the floor area of the gambling area. However, an exception was made for converted casinos with a gaming area of less than 200m² as it was considered that it would be difficult for casinos this small to meet the 10% non-gambling area condition.

5.8 The policy intent has not changed in terms of ensuring that casinos provide a mix of gambling and non-gambling opportunities. However, this instrument introduces new terms to differentiate between different sizes of casinos. Depending on these factors, some different conditions apply to the different categories of casinos.

5.9 Those casinos which take up their increased gaming machine allowance are referred to as "extended converted casino premises". There is also a new term to refer to those premises which have a floor area which is no less than 200m² but do not take up the extended entitlement. These are referred to as "larger converted casino premises" and enables the condition relating to a 10% non-gambling area to continue to apply to these premises. These casinos will continue to be limited to a maximum of 20 machines (where at least one is Category B).

5.10 Under these Regulations, converted casino premises which have a gambling area of less than 200m² will continue to be exempt from any requirement in relation to a non-gambling area.

5.11 The only additional condition that is applied by the instrument to larger converted casino premises is the introduction of a maximum gambling area. This condition will also apply to extended converted casino premises. Previously, there were no restrictions on the size of the gambling area for converted casino premises. However, the Government recognises that it would be beneficial for there to be consistency and fairness between casinos that operate under the different licensing regimes. Therefore,

all converted casino premises will be limited to a maximum gambling area of less than 1,500m², as is currently the case for small 2005 Act casinos[1]. This condition is linked to the size of a casino's gambling area as of 12 May 2025. However, the condition will not apply to a converted casino that currently operates with a gambling area of 1,500m² or more unless and until the size of the gambling area is increased or the licence varied so as to relate to new premises, so this small number of venues are not automatically negatively impacted by these changes. As this exemption is tightly drawn, it will reduce any advantages that these casinos may gain compared to their competitors.

5.12 This instrument also attaches additional mandatory conditions to extended converted casino premises. The previous policy only allowed converted casino premises to site 20 gaming machines (if one is Category B[2]) and therefore fewer restrictions applied to the layout of the casino. As the new policy allows certain casinos to increase their gaming machine allowance beyond 20 machines, the Government wants to ensure that there are strict requirements in terms of gambling, table gaming and non-gambling areas in these casinos. This ensures that customers are offered a mixture of gambling and non-gambling opportunities. It also aligns the rules for extended converted casino premises and small 2005 Act casinos for the most part.

5.13 The additional mandatory conditions relate to the introduction of a table gaming area and the size of the non-gambling area, and are identical to the equivalent mandatory conditions that attach to small 2005 Act casinos, apart from the minimum size of the table gaming and non-gambling areas must be no less than the lesser of 250m² and half the size of the floor area of the gambling area. This forms an important part of the 'sliding scale', which allows extended converted casino premises that do not meet the minimum size requirements of a small 2005 Act casino, to offer more than 20 gaming machines.

5.14 The 'sliding scale' sets out the size requirements for a casino in relation to gambling, table gaming and non-gambling space that it must have in order to offer 25 machines or more (including at least one Category B machine). For example, if a casino has a gambling area of 280m², it must have a table gaming area and non-gambling area that are each half the size of the gambling area (140m²). This will allow the casino to offer 25 Category B gaming machines. The gaming machine allowance is increased by five gaming machines for every additional 20m² of gambling area, up to a maximum of 80. Therefore, a casino with a gambling of 300m², that meets the table gaming and non-gambling area requirements set out in this instrument, is allowed to offer 30 gaming machines. The number of gaming machines allowed, in accordance with the size of the gambling area, is set out in a separate instrument.

5.15 This instrument also sets out that all areas in converted casinos – gambling, table gaming and non-gambling areas – are to be calculated in line with the mandatory conditions for 2005 Act casino premises licences.

5.16 A number of conditions are also included in this instrument in relation to betting which will be permitted in all converted casinos as part of the broader package of reforms. Previously, only 2005 Act casinos were allowed to offer betting but the Government has decided to modernise the product offering for all casinos, particularly in light of the availability of online betting, which a customer can partake in on personal devices while visiting a land-based casino. Casinos licensed under the 2005 Act are limited to a maximum of 40 separate betting positions. The Government has

[1] See regulation 2(3) of the Categories of Casino Regulations 2008/1330.

[2] Or an unlimited number of Category C and D gaming machines.

decided that while a limit of 40 betting positions is appropriate for converted casinos with a gambling area of 500m² or more, a lower limit should apply for smaller converted casinos. This will ensure that there remains a link between gambling space and betting terminals so that the electronic offering in a casino does not overwhelm the live table offering. Therefore, this instrument sets out these limits in a sliding scale, starting at up to 16 positions for converted casinos with a gambling area of less than 280m², up to a maximum of 40 for those with a gambling area of 500m² or more.

5.17 In summary, the below additional conditions are added by this instrument to the different categories of converted casinos:

Converted casino premises:

- Limited to a maximum of 16 separate betting positions.

Large converted casino premises:

- Gambling area to be less than 1,500m² with an exemption for those casinos where the gambling area was 1,500m² or greater on 12 May 2025.
- Maximum number of separate betting positions as set out in the instrument, according to the size of the gambling area.
- Calculation of the gambling and non-gambling area.

Extended converted casino premises:

- Table gaming area and non-gambling area must be no less than the lesser of half the size of the gambling area or 250m².
- Gambling area to be less 1,500m² with an exemption for those casinos where the gambling area was 1,500m² or greater on 12 May 2025.
- Maximum number of separate betting positions as set out in the instrument, according to the size of the gambling area.
- Calculation of the table gaming area and non-gambling area.

6. Legislative and Legal Context

How has the law changed?

6.1 This instrument makes amendments to the Gambling Act 2005 and to the Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations 2007[3].

6.2 Regulation 3 of these Regulations amends s.172(5)(b)(i) of the Gambling Act 2005 so that the number of gaming machines which may be made available in small 2005 Act casinos is increased to not more than 5 times the number of gaming tables used in the casino.

6.3 Regulation 4 of these Regulations makes a number of amendments to the Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations 2007 (S.I. 2007/1409) ("the 2007 Regulations"). The changes made to the mandatory conditions that attach to converted casino premises licenses are set out in detail in Section 5 of this Explanatory Memorandum.

Why was this approach taken to change the law?

6.4 This is the most direct way to make the desired changes.

[3] S.I. 2007/1409.

7. Consultation

Summary of consultation outcome and methodology

7.1 A consultation on casino reform took place in the context of a wider consultation on land-based gambling reform, from July to October 2023 under the previous government[4].

7.2 The relevant section of the consultation received 41 responses from a variety of stakeholders, including gambling operators and trade bodies, local government organisations, campaign groups and academics. Respondents from the land-based gambling industry were supportive of the proposals which remove restrictions on supply, pointing to the unrestricted availability of the same products online. Contrastingly, respondents from local government, campaign groups and academia were more cautious about any measures which could be seen as increasing the supply of gambling opportunities, due to links between rates of gambling participation and gambling-related harm. A summary of the consultation responses on each of the proposals included in these instruments is outlined below:

Changes to the machine to table ratio

Summary of consultation responses

7.3 Thirty-nine responses were received to these questions in the consultation. More respondents were in favour of a 5:1 ratio than opposed - 58% of those that didn't answer 'I don't know' were in favour of the 5:1 ratio. A notable number of respondents answered 'I don't know' (26%), indicating some level of uncertainty. Those in opposition to a 5:1 ratio preferred a lower ratio such as 3:1, due to a belief that casinos should not become machine-led venues. These respondents would prefer to see table games as the most common activity under a casino licence, highlighting that table games are more likely to lead to breaks in play.

Government response

7.4 The government proposed that a 5:1 machine to table ratio is implemented for both converted casinos that take up the extended gaming machine entitlement and small 2005 Act casinos, superseding the current 2:1 ratio requirement in place for small 2005 Act casinos.

7.5 The updated ratio requirements will ensure a balanced offer of gaming products in casinos, bring consistency across the different types of licence, and address issues that have arisen in small 2005 Act casinos from a 2:1 ratio. Any converted casinos that wish to remain on the existing regime will be able to do so and are not required to adjust their product offering (unless they decide to take up the opportunity to offer facilities for betting).

Sliding scale for gaming machine entitlements

Summary of consultation responses

7.6 A sliding scale was proposed in the consultation which detailed potential requirements across (i) gambling space; (ii) table gaming space; (iii) non-gambling area; and (iv) machine to table ratio. Venues would be required to comply with these requirements in order to increase their gaming machine allowance.

[4] Government consultation: Measures relating to the land-based gambling sector - https://www.gov.uk/government/consultations/measures-relating-to-the-land-based-gambling-sector/measures-relating-to-the-land-based-gambling-sector

7.7 When asked about the sliding scale requirements, there was a similar level of agreement from the 40 respondents across gambling area, non-gambling area and machine to table ratio requirements, but greater opposition to minimum table gaming area - 63% of respondents were not in favour of the minimum table gaming area requirement. This opposition was primarily from industry stakeholders, who argued that the other space requirements and the imposition of a machine to table ratio would ensure a balance between table gaming, machines and non-gambling space.

7.8 Some respondents were opposed in principle to any increase in the level of gaming machines available in casinos - 46% of those that responded were opposed to the idea of a new regime with greater gaming machine entitlements, pointing to evidence that suggested that Category B machines are the category most commonly associated with gambling-related harm. These respondents also suggested that increasing the availability of gaming machines will not make customers more likely to take breaks, due to the prospect of other customers taking over their machine and claiming their 'perceived winnings'.

Government response

7.9 This instrument introduces the table gaming area and non-gambling space requirements that were set out in the sliding scale in the consultation document. The number of machines allowed is set out in the wider package of casino reforms.

7.10 In making this proposal, the Government acknowledged some concerns from industry stakeholders about the necessity of a table gaming area requirement. However, in updating the regulatory framework, it was important to ensure that if the preferred setup of a casino changes in future, an appropriate balance of product remains - both in terms of space and product numbers. It is our view that a table gaming area should underpin the concept of a casino which can offer more than 20 Category B gaming machines, where there is not only a clear delineation between gambling areas and non-gambling areas but also a separation between the provision of gaming (casino and equal chance table games) and other gambling such as gaming machines and/or betting. Feedback from engagement with operators also indicated that the sliding scale as proposed would benefit the majority of casinos, with over 80% of casinos estimated to benefit depending on how floor space is reconfigured.

7.11 The Government also acknowledged concerns about an increased availability of machines potentially leading to greater opportunities for gambling-related harm. However, as outlined in the gambling white paper, casinos are required to have appropriate protections in place around player monitoring, and many casinos have adopted a range of measures including monitoring customer expenditure in real time and algorithmic systems that identify customers at risk from playing patterns. Gaming machines must also have suitable characteristics to mitigate against the risk of gambling-related harm, and these characteristics will be in place for any additional gaming machines.

Size requirements for different casinos

Summary of consultation responses

7.12 This section of the consultation received 43 responses. When asked about the reduction in minimum table gaming area in small 2005 Act casinos from 500m² to 250m², more respondents were in favour of this being applied than opposed. Fifty-two per cent of those who didn't answer 'I don't know' supported the proposal, while 48% were against. Those opposed to the reduction preferred a larger minimum table gaming area requirement in place such as 350m².

7.13 With regard to converted casinos currently operating with a gambling area of 1500m² or more, the strongest preference from respondents was for these venues to be made to reduce their gambling area below 1500m².

Government response

7.14 The instrument reduces the required minimum table gaming area in small 2005 Act casinos from 500m² to 250m². This is viewed as a more proportionate table gaming area compared to other floor space requirements.

7.15 With regard to casinos that currently operate with a gambling area of 1500m² or more, these casinos will be permitted to remain open with their current gambling area. The size of a casino's gambling area will be calculated as of 12 May 2025, being the date on which this instrument is laid. Despite respondents indicating a preference for venues to be made to reduce their gambling area, the government has decided not to force the small number of converted casinos with a gambling area of 1500m² or more to reduce their footprint. This exemption is tightly drawn to reduce any advantages that these casinos may gain compared to their competitors, and ceases to apply to in relation to any affected converted casino that increases the size of its gambling area or moves premises.

Betting in converted casinos

Summary of consultation responses

7.16 There were 39 responses to this section of the consultation. A sliding scale was proposed for Self-Service Betting Terminals (SSBTs) to offer sports betting - respondents were generally supportive of the scale, but industry stakeholders were keen to highlight that they expect sports betting to have a very small impact on their business and do not intend to site many SSBTs. Some industry stakeholders questioned the necessity of the sliding scale given the numbers of SSBTs where they are currently permitted are low, and this could be seen as adding to an already complex regulatory framework.

Government response

7.17 The government proposed that betting is permitted in all casinos, with a sliding scale for Self-Service Betting Terminals (SSBTs). This will enable casinos to meet customer demand and bring Great Britain's casino product offering more in line with international jurisdictions.

7.18 This instrument introduces the sliding scale of betting positions which sets out the maximum number of positions allowed in accordance with the venue's gambling area. This will ensure that there remains a link between gambling space and betting terminals so that the electronic offering in a casino does not overwhelm the live table offering. The wider package of casino reforms will allow all casinos to offer betting – this instrument allows introduces the restrictions on betting positions.

8. Applicable Guidance

8.1 The Gambling Commission will publish information on how these Regulations will impact the regulatory framework for casino operators and licensing authorities once this instrument has been made.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment is submitted with this memorandum and published alongside the Explanatory Memorandum on the legislation.gov.uk website[5]. There are a number of redactions in the Impact Assessment in order to protect commercial or confidential information, such as unpublished data that has been provided by industry stakeholders on the basis that it would not be published or that it would be published on an anonymous basis.

9.2 The Impact Assessment relates to the whole package of casino reforms apart from the impact of betting being permitted in all casinos. A separate de-minimis impact assessment has been conducted for betting due to the expected impacts being below the threshold required for a full Impact Assessment, as set out in the Regulatory Policy Committee's guidance.

Impact on businesses, charities and voluntary bodies

9.3 The impact on businesses is significant for land-based casino operators. The Government estimates that the full package of casino measures being enacted (excluding permitting betting in converted casinos) will result in an annual increase of between £52-£63 million in gross gambling yield for the land-based casino sector (with a central estimate of £58 million). This is estimated to happen by the third year of these reforms being in place. The sector is estimated to incur one-off transition and implementation costs of between £46-£56 million (central estimate of £51 million) and annual operating costs of between £15-£19 million (central estimate of £17 million).

9.4 The legislation does not impact small or micro businesses. The impacted casinos are all defined as 'large' companies according to HMRC Corporation Tax thresholds as they had annual profits above £1.5m in the 2022/23 financial year.

9.5 There is no, or no significant, impact on the public sector. The Gambling Commission is responsible for enforcing licensing and regulatory requirements on casinos and has confirmed that the measures are not expected to affect its costs. Any additional costs incurred by local authorities to issue and monitor casino licenses should be recouped from casinos through annual licensing fees.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 DCMS and the Gambling Commission have jointly commissioned a process and impact evaluation to be delivered for the wider gambling white paper measures, including these casino reforms. The evaluation will employ experimental and quasi-experimental designs to evaluate the effectiveness of the casino reforms.

10.2 The instrument includes a clause requiring Ministers to review the instrument every 5 years.

[5] Copies of the Impact Assessment are also available from the Department for Culture, Media and Sport at 100 Parliament Street, London SW1A 2BQ.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This instrument is one of three linked statutory instruments. Taken together, the linked instruments make a number of changes to the way in which land-based casinos are regulated. This instrument cannot be made unless a draft is laid before Parliament and approved by both Houses, but the other two linked instruments follow the negative procedure. These are:

- the Gambling Act 2005 (Commencement No. 6 and Transitional Provisions) (Amendment) Order 2025, which amends the Gambling Act 2005 (Commencement No. 6 and Transitional Provisions) Order 2006 (S.I. 2006/3272), and
- the Gambling Act 2005 (Premises Licences and Provisional Statements) (Amendment) (England and Wales) Regulations 2025, which amend the Gambling Act 2005 (Premises Licences and Provisional Statements) Regulations 2007 (S.I. 2007/459).

11.2 To enable Parliamentarians to scrutinise and debate this instrument, the Department has published these two draft negative statutory instruments on GOV.UK[6].

11.3 If Parliament approves this instrument, Ministers intend to make the linked instruments in order so that any asterisks in a draft statutory instrument may be replaced with the live and correct number before that draft statutory instrument is signed.

12. European Convention on Human Rights

12.1 Baroness Twycross, Parliamentary Under Secretary of State at the Department for Culture, Media and Sport, has made the following statement regarding Human Rights:

"In my view the provisions of the Casinos (Gaming Machines and Mandatory Conditions) Regulations 2025 are compatible with the Convention rights."

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").

[6] Draft instruments - https://www.gov.uk/government/publications/changes-to-the-regulatory-framework-for-land-based-casinos-draft-secondary-legislation