EXPLANATORY MEMORANDUM TO

THE GAMBLING (FEES) (MISCELLANEOUS AMENDMENTS) REGULATIONS 2026

2026 No. 828

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 Susan Harling at the Department for Culture, Media and Sport can be contacted by email with any queries regarding the instrument: susan.harling@dcms.gov.uk. Alternatively, the department can be contacted by telephone: 0207 211 6000.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 These Regulations amend the Gambling (Personal Licence Fees) Regulations 2006 (S.I. 2006/3285, as amended) ("the Personal Licence Fees Regulations") and the Gambling (Operating Licence and Single-Machine Permit Fees) Regulations 2017 (S.I. 2017/303, as amended) ("the Operating Licence Fees Regulations").

The Gambling (Personal Licence Fees) Regulations 2006

4.2 The Personal Licence Fees Regulations prescribe application, maintenance and other fees relating to personal licences issued under Part 6 of the Gambling Act 2005 ("the Act"). These Regulations increase the application and maintenance fees payable under the Personal Licence Fees Regulations for personal management licences and personal functional licences by around 25%.

The Gambling (Operating Licence and Single-Machine Permit Fees) Regulations 2017

4.3 The Operating Licence Fees Regulations prescribe fees relating to operating licences (application, annual and other fees) and single-machine supply and maintenance permits (application fees only) issued under Parts 5 and 10 of the Act respectively. These Regulations increase many of these fees. As a result, the total revenue generated by the Operating Licence Fees Regulations is expected to increase by 25%, although this increase will not be distributed evenly across all affected fees. Further

details about how this increase will be applied are contained in the *Policy context* section below.

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.

4.5 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales and Scotland.

5. Policy context

What is being done and why?

5.1 DCMS' aim in making these Regulations is to ensure that fees are set at levels which allow the Gambling Commission's regulatory costs to continue to be recovered on a proportionate and equitable basis from the different types and sizes of gambling operator.

5.2 Licence fees were last amended in 2021, and in the subsequent years the cost of regulating the gambling sector has increased. Developments, including changes in the size and shape of the gambling market, increased risks associated with unlicensed gambling and product and payment innovation, have meant that the Gambling Commission's annual expenditure currently exceeds the income it recovers through licence fees.

5.3 These Regulations implement a 25% headline increase to operating licence fees, with the exception of society lotteries for which no increases will be applied, and some minor categories which are not currently held by any operator and are largely obsolete. Unlike previous fees setting approaches, the headline percentage increase (25%) will not be applied evenly to all types of operating licence. The fees setting approach has been updated to reflect the Commission's improved understanding of the regulatory costs which it incurs in connection with the different types of operating licence. Calculations now take account of market share to reflect the gross gambling yield (GGY - the difference between money staked and winnings paid out) generated by each sector and type of operating licence, weighted by the regulatory risk associated with each type of operating licence and the Commission's compliance effort. As a result, some operator groups (e.g. remote casino operators) will be subject to a higher percentage increase than 25%, and some operator groups will experience either a lower increase or a fee reduction. However, the overall change in fee income recovered by the Gambling Commission is expected to equate to 25%, assuming the number of operators remains the same.

5.4 In applying changes to fee levels, the bandwidths for the majority of sub-categories have also been adjusted. For example, the lower bandwidths (sub-category A1) for a number of non-remote operators (adult gaming centres, betting shops, bingo, family entertainment centres) have been updated from requiring an annual GGY of *Less than £200,000* to an annual GGY of *Less than £250,000*. This means that a non-remote operator carrying this type of licence which generates more than £200,000 but less than £250,000 GGY a year will change fee sub-categories from A2 to A1, and therefore pay a lower fee.

5.5 Due to the recalibration of bandwidths, the percentage increases for some sub-categories appear very large. For example, in the case of the *non-remote general betting (standard)* operating licence where an operator does not make any gaming

machines available for use, one sub-category (C1) appears subject to an annual fee increase of approximately 1,530% (from £14,557 to £237,291). However, this is due to the bandwidths changing, from a range of £7.5 million to £14 million at present to a range of £130 million to £455 million. In practice, no operators yet exist within these higher sub-categories and therefore no operator will be affected for the time being, but the changes add consistency to the fees calculations across different types of licence.

5.6 As well as changing the level of licence fees paid by operators, the Regulations amend the basis on which fees for the *non-remote general betting (limited)* category (on-course bookmakers) are set. This operating licence has historically been divided into fee categories based on the number of racedays that a bookmaker is operational for. These Regulations update this approach so that fees are instead connected to the annual gross gambling yield (GGY) that an operator generates in connection with its licence. In this case the volume of gambling, for which GGY is the best indicator, is considered the principal driver of risk to the licensing objectives of the Gambling Act, and the key driver of the Commission's costs. Of the operators affected by this change, 44% of operators would receive an annual fee reduction, and a further 53% would only receive an increase of £22 (from £230 to £252).

5.7 The Department for Culture, Media and Sport's aim in making these Regulations is to ensure that the Commission can continue to recover its costs and address new regulatory challenges. Without these changes, the Commission's income will not support the costs of regulation and the Commission will be required to deprioritise work in a number of key areas.

What was the previous policy, how is this different?

5.8 There is no headline policy change, as these Regulations primarily change the level of licence fees that are paid and do not fundamentally change the overall fees setting structure or introduce any new categories of licence.

5.9 However, the introduction of a model which considers market share (GGY), regulatory risk and compliance effort is a new approach for setting fees. Previously, the chief consideration was to analyse specific types of cost and allocate these costs to different types of operating licence, and fee changes were largely applied on a uniform flat rate basis. The updated approach is expected to better reflect the regulatory costs that are incurred by the Commission in connection with the different types of operating licence.

5.10 Another key difference is that the basis for the *non-remote general betting (limited)* category has been changed, to a market share-based approach based on annual gross gambling yield (GGY) rather than the number of days' operation. This is regarded as a fairer approach for this group of operators and more consistent with other licence types, but in practice would not result in any operators paying disproportionately more in licence fees.

6. Legislative and legal context

How has the law changed?

6.1 The Gambling Act 2005 regulates all gambling in Great Britain, with the exception of the National Lottery and spread betting. Under the Act, subject to certain exceptions, a person who provides facilities for commercial gambling needs to hold an operating licence authorising that activity, or that person commits a criminal offence. Operating licences are issued by the Commission.

6.2 These Regulations primarily make changes to the level of licence fees which are charged to gambling operators. No additional types of licence are introduced or phased out as a result of these Regulations.

6.3 Regulation 6 changes the basis on which fees are payable for *non-remote general betting (limited)* operating licences, so that these are now calculated by reference to the associated annual gross gambling yield (GGY) rather than a relevant number of working days.

6.4 Regulation 27 revokes the Gambling (Personal Licence Fees) (Amendment) Regulations 2009 (S.I. 2009/1971) as none of the provisions in those Regulations will continue to have any practical effect once these Regulations come into force.

Why was this approach taken to change the law?

6.5 Amending fees by bringing forward secondary legislation in reliance on powers conferred by Parliament is the most efficient way to proceed.

7. Consultation

Summary of consultation outcome and methodology

7.1 The Department for Culture, Media and Sport held a consultation from 27 January 2026 to 30 March 2026 on proposals for changes to certain operating and personal licence fees (application, annual and other fees). Three options were proposed for increases to licence fees, with four consultation questions to understand stakeholder views in response to these options.

7.2 A total of 47 consultation responses were received, primarily from gambling operators, suppliers or their representatives. All 47 respondents to the consultation provided a view on the main question of whether annual fees should be increased in line with the options set out in the consultation. Almost all of these respondents stated that they did not support any of the three options, and instead favoured no increase at all, with some operators proposing exemptions for their specific category of licence. However, this is typical of previous fees consultations as operators rarely favour any increases to their costs.

7.3 Respondents also provided views in response to the other questions. The government has published its consultation response on gov.uk, which illustrates these views and explains the basis for its decisions as regards Gambling Commission fees (https://www.gov.uk/government/consultations/proposed-changes-to-gambling-commission-fees).

8. Applicable guidance

8.1 Guidance to gambling operators on the new fees and key updates to the structure will be made available on the Gambling Commission's website.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because the Equivalent Annual Net Direct Cost to Business (EANDCB) is estimated to be less than £10 million. A separate de minimis assessment has been produced.

Impact on businesses, charities and voluntary bodies

9.2 The impact on business, charities or voluntary bodies is estimated to be £6.6 million per year.

9.3 The legislation impacts small and micro businesses (employing up to 50 people; the de minimis assessment for this instrument uses GGY-based fee categories as an appropriate proxy for small and micro businesses). However, under these changes the majority of small or micro businesses will experience a decrease in the amount they pay in licence fees - 1,100 smaller operators generating less than £10 million annual GGY will receive a reduction in fees in cash terms. The adverse impacts on these businesses are therefore minimised.

9.4 There is no, or no significant, impact on the public sector because public sector organisations do not typically offer facilities for gambling.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 These Regulations do not include a statutory review clause. The duty to review regulatory provisions in secondary legislation, set out in sections 28-32 of the Small Business, Enterprise and Employment Act 2015, does not apply to these Regulations. This is because by section 28(3)(a)(i) of that Act, the duty to review does not apply where a power to make secondary legislation is used to "make or amend...provision imposing, abolishing or varying any tax, duty, levy or other charge", as is the case with these Regulations.

10.2 The Commission will continue to monitor and review its fee income and expenditure on an annual basis, to ensure that the levels of fees payable by operators as set out in these Regulations remain appropriate and proportionate to its regulatory costs.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 These Regulations increase the fees payable by gambling operators to the Gambling Commission ("the Commission"), enabling it to recover a greater amount that reflects the increased costs of its regulation of the industry. Fees were last changed in 2021. These Regulations apply a headline 25% increase to application, annual and other fees, and do not distinguish between online and land-based operators.

11.2 The changes made to licence fees as a result of these Regulations will take effect on 1st October 2026. This will enable the Commission to better address the current challenges of gambling regulation. In the last five years, the rate of inflation has exceeded the average 25% level that fees will be increased by as a result of these Regulations. The Commission currently operates with annual budget deficits, and even after a 25% headline increase to licence fees it will need to identify further efficiency savings of at least £8 million over the next five years.

11.3 Although the headline percentage uplift is not insignificant, licence fees will continue to form a small part of each operator's cost base after the changes are introduced. Across the largest entities (operators or groups with annual gross gambling yield (GGY) greater than £100 million), fees are set to increase from around 0.1% of annual GGY to around 0.15% under the changes proposed. For operators generating between £10 million and £100 million annual GGY, fees will increase from around 0.18% of GGY to 0.22%, and more than 1,100 smaller operators generating less than £10 million annual GGY will receive a reduction in fees in cash terms.

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 Gambling (Fees) (Miscellaneous Amendments) Regulations 2026 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").