

GAMBLING COMMISSION

GCM(15)02

Minutes of the meeting of the Board of Commissioners

Victoria Square House, Birmingham (Boardroom)

26 February 2015

Attendees: Mary Chapman
Robin Dahlberg
Robert Foster
Philip Graf (Chair)
Rachel Lampard
Anthony Lilley
Walter Merricks
Graham Sharp
Peter Teague
Jenny Williams

Apologies:

In attendance: Ben Haden (for items 1- 5)
Mark Harris
Sue Harley
Matthew Hill
James Holdaway (for item 4)
Simon Knee (for item 6)
Elaine King (Notes)
Neil McArthur
Michael Mitchell (for item 6)
Cathy Mullins (for items 6 & 8)
Trevor Robinson (for item 6)
Nick Tofiluk (for items 1 – 4)
Andy Turton (for item 8)

Observers: Anthony Carey – Mazars, Desponia Sideri - Mazars

Welcome – The Chair welcomed the attendees from Mazars to the Board meeting.

Declarations of Interest – There were no declarations of interest

Item 1: Minutes and action points of the last meeting

1. The minutes of the meeting held on 22 January were approved subject to a minor drafting change.
2. Matters arising from the minutes:

- Greene King – The Appeal with the Upper Tribunal is moving slowly at the moment and the General Counsel will update the Board when new information is received.
 - The meetings being scheduled with major bookmakers are currently well in hand. The Chair envisaged these being an annual event in the future.
3. The Board discussed the number of audit committee meetings for this financial year. It may be necessary to hold a further meeting this financial year.

Item 2: Report from the Remuneration Committee

4. At the Board meeting the Chair of the Remuneration Committee provided the Board with an oral update of the discussions which took place at the 26 February Remuneration Committee meeting.
5. There is a clear plan in place for HR policy updates. The Committee have had sight of the first four of these.
6. The Committee were briefed on changes to pension arrangements.
7. The Committee noted progress on recruitment.

Item 3: Report from the National Lottery Committee: GCP(15)10

8. The National Lottery Committee Chair advised the Board of the strategy event which had taken place the day previously [and which had been felt to be extremely useful. It was agreed to hold a similar event twice a year.
9. The Board were advised that a full assessment of the Project Mint proposal would be presented to the March Board meeting.

Item 4: Recommendation from the National Lottery Committee: Project Mint Match2 and Free ticket prize proposal GCP(15)09

10. The National Lottery Committee Chair gave a brief overview on project Mint, explaining it involves a range of complex and novel mechanisms to work. A presentation on Project Mint was given, focusing on the objective of the games explaining how the game would work, the rationale for the change and the issues arising.
11. The NL Committee Chair put forward a proposal to Board that Match 2 element of MINT be accepted. This was discussed and agreed.
12. Having carefully considered the proposal, the Board concluded that it did not have any objections, in principle, to a game mechanic that involved free tickets for a subsequent draw as a prize. The application would, however, need to be assessed in overall terms in accordance with the Commission's statutory duties and assessment processes. In particular in relation to player protection duties, the way game worked would need to be clear to players, so they could understand what prizes were being offered. In the context of the Mint proposal, it would therefore be important that Camelot paid particular attention to the communications and promotions surrounding the game and of course assuming the player protection and the propriety requirements are met, the Commission is seeking assurance on the overall commercial case for good causes.

Item 5: Report from the Chief Executive: GCP(15)08

13. The Chief Executive introduced the report which summarised the key activities undertaken since the last report.
14. The Board was provided with an oral update on:
 - Annual Assurance Statement issues
 - LCCP Update
 - Statement of Principles
 - Government response on advertising
 - HR Update on Recruitment
 - Green Paper on Fees
 - Self Exclusion Database
 - RGSB – Migration of the Web Page
 - New Interim CEO of the ABB
15. The Annual Statement of Assurance consultation document received positive feedback from the Board, in particular the main table, which identifies the likelihood of problem gambling with the recommendation that it might usefully be highlighted on the Commission web site.
16. It was noted that RGSB had decided to retain a standalone website.
17. The Board discussed working with the Chair of Senet, and agreed the CEO meeting being arranged would be useful.

Item 6: Draft 2015/2016 business plan; including budget and medium term financial plan: GCP(15)11

18. The approach of the Business Plan is to integrate the publishing of the objectives, key milestones and outcomes all in April. The Board agreed the Business plan format to be suitable.
19. It was agreed that the Board would received a quarterly update on the progress against the business plan.
20. The Board noted that the developing people strategy needed to link people policies and recruitment plans to business planning.
21. The Senior Manager – Finance introduced the 2015/16 budget and medium term financial plan, covering the period 2016/17 to 2018/19. Resource requirements have been established from the individual workstream plans that have been developed to deliver the business plan. The process has again been undertaken as a single exercise with business planning.
22. The 2015/16 budget and medium term financial plan contains three key messages. One that the fee income received under the Gambling (Licensing and Advertising) Act 2014 has been significantly higher than originally expected. Secondly that to reflect the widened remit under the Act, expenditure related to remote gambling is expected to increase significantly, due to the recruitment of specialist skills and additional professional fees. Thirdly that the net effect of the increase in income and in expenditure is that the reserves position is expected to improve over the medium term plan.

23. The Board was asked to note that the income projections included a 5% year on year contraction assumption re. the overseas remote sector, and does not include an allowance for potential changes arising from the forthcoming fees review.
24. A contingency for professional fees has also been applied to expenditure across the medium term plan for compliance and enforcement activity undertaken by third parties in respect of overseas operators.
25. Based on the above assumptions, the reserves position is expected to reach £2.5m by 2017/18. Views were sought on whether this represented a reasonable and sustainable reserves position, given the significant impact of exceptional items of expenditure, such as a judicial review, on the Commission's financial position.
26. The Board were asked to consider and feedback views on the assumptions contained within the medium term plan, and to identify areas where further analysis would be helpful.
27. Commissioners asked for further analysis to be brought to the Board meeting in March in respect of the long term expenditure and headcount trends for Gambling regulation, National Lottery regulation, Betting Integrity and the regulation of overseas remote operators. A more detailed breakdown of activities and costs within the Corporate Enabler strategic objective was also requested, along with a projected Balance Sheet across the medium term plan.
28. The final 2015/16 budget and medium term financial plan, including the further analysis requested, will be presented to the Board for approval at the March meeting.

Item 7: Responsible Gambling Strategy Board – quarterly update: GCP(15)12

29. The discussion focused on RGSB's advice on the RGT machines research, a key input to the Commission's formal advice to DCMS. Suggested points to bring out in the latter included:
 - The need to capitalise on stage 1 of the machines research, maintaining momentum with follow-up work along the lines discussed in a recent closed session that the Commission held with the researchers.
 - The case for account based play.
 - Clear articulation of the policy questions that we need to address.

Item 8: Information Management update: GCP(15)13

30. The Board welcomed the update on the Information Management progress finding it very useful.

Item 9: Financial report January 2016: GCP(15)14

31. The Board noted the financial report.

Item 10: Quarterly research briefing 01/15 (February 2015): GCP(15)15

32. The Board noted the quarterly research briefing.