

GAMBLING COMMISSION

GCM(15)03

Minutes of the meeting of the Board of Commissioners

Victoria Square House, Birmingham (Boardroom)

26 March 2015

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

Apologies: Walter Merricks

In attendance: Anthony Carey (Mazars, for item 1)
Desponia Sideri (Mazars, for item 1)
Ben Haden
Mark Harris
Sue Harley
Matthew Hill
Nick Tofiluk
Nikita Harrison (Notes)
Neil McArthur
Julia Mackisack
James Holdaway (for item 3)
Simon Knee (for item 8)
Cathy Mullins (for items 8)
Michael Mitchell (Item 8)
Trevor Robinson (for item 8)

Item 1: Board Effectiveness Review – Commissioner Only Session

Declarations of Interest – There were no declarations of interest.

Item 2: Minutes and action points of the last meeting

1. The minutes of the meeting held on 26 February were approved subject to one minor correction.
2. The rolling actions were updated.

Item 3: Report from the National Lottery Committee and Project Mint Discussion: GCP (15)16

3. The Chair of the National Lottery Committee introduced the item. The Project Mint proposal involves several changes to the main Lotto game, which the Committee has considered in great detail over the last four months. Having done so, the Committee is now satisfied, in principle, that the proposal could be approved provide that the conditions set out in the recommendations are met.
4. In the Committee's view, the proposal is acceptable from a regulatory point of view. There are still inherent commercial risks, which will need to be mitigated, but the Chair of the Committee noted that in Camelot's commercial judgement Project Mint is the only way of managing the current decline in Lotto play.
5. The Committee has looked at the key issues and discussed them at length. Having done so, the Committee was satisfied that the major risks had been highlighted and recommendations to mitigate the risks had been identified.
6. The Board discussed the risk to base sales, given that the game is forecast to enter with lower base sales. Whilst this should be rectified within six months due to the lower decay sales rate compared to the 'do nothing' scenario there is a risk that it may not. The Chair of the Committee explained that this shouldn't be the case; although there is clearly a risk involved, it appeared that Camelot has learnt lessons from project Jewel.
7. Camelot's communications plan was explained to the Board, as this will be key in mitigating several risks. The key to this plan is the transparency of the changes and the way in which the proposed changes work.
8. In regards to the post implementation reviews, there will be metrics, timeframes and trigger points in place to assist with the review of how Mint is working, along with actions in place. These reviews will take place at various points following the launch of Mint, using various key performance indicators at different stages.
9. The Board approved the recommendations from the Committee.

Item 4: Report from Audit Committee

10. The Chair of the Audit Committee updated the Board on this morning's meeting. The Committee had received several internal audit reports, and were very pleased on how the Executive had acted on and implemented the recommendations. The Internal Audit plan is also on track.

Item 5: Report from the Player Protection Reference Group (PPRG): GCP (15)17

11. The Chair of PPRG explained the progress which has been made to the Board. PPRG was formed following the merger with the National Lottery Commission and concerns surrounding potential inconsistencies in approaches to player protection. The report includes an update of the recommendations taken over the last 18 months and how these work in practice. These pieces of work and actions are now embedded within workstreams and monitored by Business Plan Programme Board.
12. The PPRG has made recommendations about the use of cartoon imagery. Following a piece of work on marketing, there was found not to be a consistent view or set of controls regarding the use of imagery likely to appeal to children. PPRG recommended that a piece of work be undertaken to close the gap on this area, drawing on work from

other agencies, e.g. Advertising Standards Agency and to phase this into our existing priorities. That recommendation was agreed.

Item 6: Report from the Chief Executive: GCP (15)18

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:
 - DCMS Advertising Review
 - Delays on the Transitional measures put in place last August
 - Advice on the Lotteries Market
15. The delays on the transitional measures that were put in place last year are due to a number of factors including recruitment taking longer than anticipated, the accommodation lease renewal and losing several key colleagues.
16. It was agreed that, in future, the National Lottery Director's report be provided without the appendices.

Item 7: 2014-15 Business plan priorities Year-end Update: GCP (15)19

17. The Chair of the Business Plan Programme Board updated the Board, explaining there are five priorities, each with milestones which were agreed by the Board in last year's Business Plan. The progress against each of these areas has been incorporated into the report and has then fed into the Budget and Business Plan 2015/16.
18. The Board noted the report.

Item 8: Budget and Business Plan for 2015-2016: GCP (15)20

19. The Head of Finance introduced the Budget and Business Plan for 2015/16 which outlined the proposed medium term financial plan covering the period from 2015/16 until 2018/19. Seven areas identified from the 2015/16 business planning process as needing greater emphasis on resource and reporting, are now priorities of the Board. The paper now also includes additional detail on corporate enablers.
20. Key items to note in the medium term financial plan are:
 - The Gambling (Licensing and Advertising) Act 2014 (2014 Act) has brought more income than originally expected.
 - An increase in expenditure is expected, due to the widened remit under the 2014 Act requiring additional resources and an increase in headcount
 - The reserves position is expected to improve over the duration of the medium term plan, reaching a level of £2.5million that is considered prudent. The Commission's intention is to release further surpluses by way of a reduction in licence fees, provided significant and unforeseen financial pressures do not arise.
21. The Board considered and approved the medium term financial plan.

22. The Programme Director for Evidence and Analysis introduced the Business Plan, which sets out the Commission's plans for the financial year. The headings included in the report are incorporated from the Strategic Narrative.
23. The Board was asked to comment on the final outcome performance measures dashboard of 2014/15 at the next meeting along with a proposal to put to the Board a new framework model to evaluate the objectives of the business plan focusing on the Board priorities. Both of which the Board agreed.
24. The Board approved and signed-off the Business Plan.

Item 9: Marketing and Advertising update: GCP (15)21

25. The Board noted the report.

Item 10: Financial report: GCP (15)22

26. The Board noted the financial report.

Item 11: Any other business

27. The Chair confirmed that the Board policy discussion scheduled for April 16 will not be going ahead.
28. The Chair formally thanked Robert Foster and Mark Harris for their contribution to the National Lottery Commission and latterly the Gambling Commission and wished them well for the future.