

GAMBLING COMMISSION

GCM(15)05

Minutes of the meeting of the Board of Commissioners

Victoria Square House, Birmingham (Boardroom)

18 June 2015

Attendees: Mary Chapman
Robin Dahlberg
Philip Graf (Chair)
Alison Hastings
Rachel Lampard
Walter Merricks
Jonathan Scott
Graham Sharp
Peter Teague
Jenny Williams

Apologies: Anthony Lilley

In attendance: Harry Barton (for item 6)
Chris Belai (for item 5)
Nadeem Din (for item 6)
Ben Haden
Sue Harley
Matthew Hill
Elaine King (notes)
Neil McArthur
Julia Mackisack
Helen O'Kane (for item 5)
Nick Tofiluk

Declarations of interest: There were no declarations of interest.

1. The Board formally noted the proposed appointment of Sarah Harrison, subject to the Secretary of State's consent as to the terms and conditions, as CEO from 1 October.

Item 1: Minutes and action points of the last meeting

2. The minutes of the meeting held on 21 May were approved.
3. There were no matters arising from the minutes.
4. The rolling actions were reviewed and updated.

Item 2: Report from the Audit Committee and Item 7: Annual report and accounts: GCP(15)36

5. The Chair of the Audit Committee provided the Board with a summary of the discussions which took place at the Audit Committee meeting held earlier in the day.

6. The Chair advised that the Audit Committee had reviewed internal audit reports including the final internal audit plan for 2015/2016, Audit completion report (including management letter) on the 2014/2015 financial statement audit, and information management and security updates and the latest draft of the annual report and accounts.
7. The Chair of the Audit Committee advised in the light of the income forecasting issue relating to software licences, Mazars is to undertake a forensic review of the income forecasting model and the associated governance and controls. The Board will be advised of the outcome of the report in due course.

Item 3: Report from the National Lottery Committee and draft minutes of the May Committee meeting: GCP(15)31

8. The Board noted that no Committee meeting was held in June. The minutes of the May Committee meeting were noted.
9. The Director National Lottery programme provided the Commissioners with an update on the recently announced changes to Lotto and Hotpicks.
10. The Board discussed a range of issues. The Director advised that a short paper outlining amendments to redemption details for free tickets won online will be circulated for approval.
11. Briefing for the Board-to-Board meeting is to be circulated to Commissioners by the end of the week.
12. The Board noted that the Committee should look to consider when online and offline National Lottery play can or should be treated differently.

Item 4: Report from the Chief Executive: GCP(15)32

13. The Chief Executive introduced the report which summarised the key operational activities undertaken since the last Board meeting.
14. Additional updates were provided on the following:
 - The Chair's and CEO's introductory meeting with the new Secretary of State
 - Society lotteries
 - RGT research
 - Complex cases
15. A paper outlining the next steps in tripartite research is to be presented for review at the July Board meeting.

Item 5: Alternative Dispute Resolution update and issues for discussion: GCP(15)33 and NL Alternative Dispute Resolution: GCP(15)34

16. The Sector Specialist – Regulatory framework introduced the Alternative Dispute Resolution papers which provide the Board with an update on progress towards implementation of the EU Directive on Alternative Dispute Resolution (ADR) and 'The

Alternative Dispute Regulations for Consumer Disputes (Competent Authorities and Information) Regulations 2015 (the ADR Regulations)'.

17. The Board was advised that on the morning of the Board meeting, the Government had announced changes to the timetable for implementation of some aspects of the ADR Regulations from 9 July to 1 October. Although this meant that the Commission could delay approval of ADR entities until that date, the plan was to proceed with issuing a list of approved entities by the end of July, with a Camelot scheme up and running by 3 August, and full ADR compliance by operators and ADR entities by the key implementation date of 1 October.
18. The Board was asked to consider three issues which had arisen during the implementation process: the use of minimum and maximum thresholds; whether the Commission should impose that ADR decisions are binding and whether ADR entities must consider unfair contract terms.
19. The Board was advised that the NL ADR paper reviews the issues in more detail in relation to the Camelot design scheme.
20. The Board reviewed and considered the recommendations. The following was approved:
 - Minimum thresholds: the Commission does not approve the use of minimum thresholds restricting access to ADR
 - Maximum thresholds and binding decisions: the Commissioners agreed that there is to be no maximum threshold on the provision of ADR services, but that decisions relating to disputes over £10,000 need not be binding on the trader.
 - Unfair terms: that ADR entities should consider unfair terms issues if they are relevant to the outcome of the dispute, unless there are clear grounds to refuse on the basis that the dispute would significantly impair the effective operation of the ADR entity.
21. The same recommendations were approved for National Lottery ADR services although the Commission would be content to review the use of minimum thresholds in 12 months.
22. The Board discussed in detail the issue of unfair contract terms and requested a further paper outlining options and recommendations be brought to the October meeting once the approach taken by other competent authorities and in the guidance to businesses relating to the Consumer Rights Act 2015 has been assessed.

Item 6: Supplementary consultation on annual assurance statements (AAS) – recommendations for response document: GCP(15)35

23. The Commission consulted on the principle of introducing annual assurance statements as part of its review of social responsibility provisions in Licence conditions and codes of practice (LCCP). The Commission concluded in 'Strengthening social responsibility' that it would do, and stated that a supplementary consultation on the structure and content is to take place in early 2015.
24. The consultation closed on 19 April 2015 and 25 formal responses to the supplementary consultation were received.

25. The Senior Officer – Policy introduced the paper which sets out the proposed Commission recommendations for the Response to the supplementary consultation. The report focused on outlining the key issues which generated the greatest level of interest from respondents: opposition to the introduction of the AAS in certain sectors; extending the submission window for receiving completed AAS and opposition to narrative reporting of revenue that businesses derive from problem or at-risk gamblers.
26. The Board considered and agreed the recommended positions.
27. The Board agreed to give the CEO and the Chair delegated authority to sign-off the final Response document. This will be published before the summer break.

Item 7: Annual report and accounts

28. The Chair of the Audit Committee recommended the Board recommend to the CEO, in her position as accounting officer, that she sign the Annual Report and Accounts subject to the minor drafting changes.
29. The Board approved the recommendation, subject to minor drafting changes.

Item 8: Resolution to approve revised membership of advisory Committees:

30. The membership of the Audit and Remuneration Committees required amendment to reflect the departure of a Commissioner.
31. The Board considered the resolution to amend membership of the Audit Committee to include Commissioners Trevor Pearce and Jonathan Scott and Remuneration Committee to include Alison Hastings.

Item 9: Fees review: phase one: GCP(15)38

32. The Commission is currently undertaking a review of fees with revisions due to be implemented in April 2017. The paper provided the Board with an update on the overall plan and timetable. The paper also set out the proposed content of the proposed preliminary discussion paper.
33. The plan is to publish a discussion paper in July outlining the Commission's approach to fee setting. Sign-off by correspondence in advance of the July Board meeting was proposed and agreed, with a teleconference proposed if required.
34. The Board noted the report.

Item 10: Financial report: GCP(15)39

35. Mazars is producing a report on governance controls and integrity of the current financial modelling. The report will be shared with the Audit Committee.
36. The Board noted the report.

Item 11: High impact operator (HIO) workstream – progress update: GCP(15)40

37. The Board noted the report.

Item 12: AOB

38. The Chair formally thanked Commissioner Rachel Lampard for her contribution to the Gambling Commission since June 2006. The Chair wished her well in her new role as a Responsible Gambling Strategy Board member.