


Report from the Chief Executive

For Board approval	
For Board briefing	
For Board steer	
For Board information	

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Chief Executive

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Introduction

1. This paper provides an account of the main areas of work where colleagues have been focused on producing key deliverables since my last report in November.
2. Either side of the Christmas break, a number of key issues have continued to take up significant time. In particular:
 - The various sports betting integrity issues which have generated much interest in the media and among politicians and which we will discuss in more detail at the meeting
 - The political debate in relation to Fixed Odds Betting Terminals (FOBTs) which has intensified considerably in recent weeks, with a debate as part of Prime Minister's Questions being representative of increased interest from senior Ministers and the Opposition in this issue. Various discussions are due to take place over the next week so we will provide a fuller, updated account at the meeting
 - National Lottery issues. As well as an enforcement matter, media coverage included a focus on transparency issues ie the reporting of senior salaries.
 - Internally, Executive Group is very concerned about resourcing and our ability to deliver what is needed over the next six months. We have agreed a number of measures including recruitment (both short and longer term) and a rearrangement of senior portfolios to enable Directors in particular to play a much more hands on role in order to get things done while we bring on board new people and get them up to speed.

Meetings

3. The following key meetings took place:
 - Philip met Bill Barber, Editor of the Racing Post for a catch-up on general issues
 - Philip, Graham Sharp and I attended the first post merger Chair to Chair meeting with Camelot
 - Philip and I met the Chair and CEO of Ladbrokes following Philip's recent letter to the Chairs of major betting companies suggesting he meet to discuss on the role of industry leaders in relation to promoting the industry's reputation and the licensing objectives.
 - Philip and I met gambling specialists from KPMG to learn their perspective on the industry
 - Philip, Rachel Lampard, Walter Merricks and I attended the Harm Minimisation event organised by RGT
 - Matthew Hill and I met Chris Kelly, Chair of RGSB and **[Exempt information under section 40 of the Freedom of Information Act]**, Professor of Clinical Psychology at Sydney University who was in London to speak at the Harm Minimisation event
 - I attended a DCMS all-party drop-in briefing session in the House of Lords; this was arranged to give any interested peers the chance to drop-in and hear about, and ask questions on the Remote Bill
 - I attended a roundtable meeting to discuss FOBTs with chief executives of major bookmakers which was chaired by Minister, Helen Grant

- At Camelot's invitation, Robin Dahlberg, Ben Haden and I attended the National Lottery Parliamentary Reception hosted by Richard Harrington MP in the House of Commons – it was to celebrate 19 years of the National Lottery
- Paul Morris and I attended the 'G4' Online Regulators meeting in Rome – the G4 regulators (France, Italy, Spain and Portugal with UK and Germany added subsequently) meet as major online jurisdictions with domestic licensing systems to discuss on line regulation issues. We were presenting on the work in IAGR on remote gambling.

Media and wider stakeholder interest

4. Media coverage has been dominated by two football match-fixing stories. The first involved the arrest of six men in relation to a National Crime Agency (NCA) investigation into suspected match-fixing in the lower leagues of English football. The press mentioned the NCA had been working closely with the FA and the Commission. Four men, including two Whitehawk FC footballers are to appear in court to enter pleas in March with a trial expected to begin in May. The second involved the Sun who exposed possible match-fixing following an investigation involving ex-premier league player Sam Sodje. Six people were arrested including Sam Sodje, his brother and four current footballers. This was followed up by all of the national papers, major news networks and a number of radio programmes.
5. It was reported widely that Maria Miller called an emergency meeting in response to this to talk about tackling match-fixing. I attended along with representatives of the country's five biggest sports governing bodies, the Premier League and the Football League. Maria Miller also wrote an article in the Sun praising their investigation and briefly summarising the meeting. She mentioned that the Commission's SBIU had a hotline which we might want to promote more widely across different sports.
6. Ed Miliband announced plans to give councils the power to ban FOBTs if Labour gains power at the next general election. This was covered by the nationals following a number of stories in the local media of local authorities looking to lobby the government over the matter.
7. Further to that announcement an Opposition Debate covering this issue (and B2 machines more widely) was held on Wednesday 8 January, where the government won the Commons vote. Earlier that day, David Cameron announced at PMQs a report on FOBTs in the spring. The Commission is working closely with DCMS to scope and develop that report. We will update Commissioners on current developments, in this very fast moving policy area, at the January Board meeting.
8. The national media covered the fact that Camelot had not openly disclosed a £2m pay package for Dianne Thompson in its main accounts.
9. I have attached a brief list of other coverage and publications at Annex A.

Developing the Strategic Narrative – 'The Pyramid'

10. The pyramid was introduced as a tool to develop a strategic narrative for the organisation at an Executive Directors' awayday with **[Exempt information under section 40 of the Freedom of Information Act]** in November 2013. The tool is based on the Minto structure for reporting, and has been applied as a structured framework for recording and communicating the Commission's strategy. It does not seek to change or

update the existing strategy. Rather, it provides a means for explaining the strategy to internal and external audiences who would not have been party to its development.

11. The structure was populated following the initial awayday and formed the basis of a wider discussion by Senior Management Team at a subsequent awayday with **[Exempt information under section 40 of the Freedom of Information Act]** in December 2013. The outcome of that session was agreement that the strategic narrative should be developed further and that consideration should be given to its extension for use as a business planning and reporting tool. A senior level working group has been set up to progress this, led by Mark Harris.
12. A copy of the draft structure for the strategic narrative, as agreed at the December awayday, is attached at **Annex C** for information. Work is underway to extend the Pyramid to the 'goals level'. This will complete the purely narrative part of the process.
13. Both the awayday and the working group identified a number of opportunities to make further use of the strategic narrative and decisions to be taken on its use and roll-out. These include:
 - Extending the narrative to make explicit the links between strategic goals and workstreams, and to reflect key milestones;
 - Development of a similar narrative structure for our National Lottery work, which will be merged with the strategic narrative in due course;
 - Consideration of how to incorporate workstreams for enabling activities within the narrative;
 - Mapping of outcome measures against the the narrative structure –alongside further development of the outcome measures reporting to the Board;
 - Communication of the strategic narrative, both internally and externally.

These are under active consideration by the Executive Group and the working group.

Licensing (operator and personal)

14. The bulk annual fee collection has been completed with 25 operating licences revoked due to non-payment of the annual fees.
15. Work continues to increase the take up of e services launched in September, which includes the facility for operators to receive invoices and pay annual fees on line. The target of 10% of all operators to be registered for e services by end of December 2013 was exceeded and currently sits at 21% and is on target to have 25% of all operators registered by the end of this month. The aim is to have at least all remote operators and 80% of all non remote operators registered and using e services before the next annual fee cycle commences. Development of the on line application service for remote operators is nearing completion and is on target to “go live” in February
16. The variation application by **[Exempt information under section 43 of the Freedom of Information Act]** is still under consideration. **[Exempt information under section 31 of the Freedom of Information Act]**.
17. **[Exempt information under section 31 of the Freedom of Information Act]**

High Impact Operators (HIO)

18. The HIO pilot project has reached closure and we plan to bring an output from the evaluation of the project to the Board for discussion in March, alongside a more general update on our work in this area. The HIO workstream has now moved to a detailed

design and implementation stage, where we need to embed the approach to regulation of HIOs, prior to full programmatic roll-out.

Anti money laundering

19. At our quarterly bilateral meeting with HM Treasury in November, we walked two Treasury colleagues through the detail of two AML complex cases on a confidential basis. This was positively received and we believe will deepen the understanding of potential money laundering threats in the relevant gambling sectors.
20. Positive progress was made with the ABB at a meeting in December. ABB members appear to be accepting (certainly in relation to 'criminal spend') that the industry needs to act, and to do so in a more coordinated manner. This may not mean an immediate change in the public rhetoric (i.e. betting is low ML risk), but this now appears to be at odds with the positions stated at this meeting. We anticipate that our work contributing to the Treasury's National Risk Assessment and following up on the lessons learnt from complex cases will help to further break down barriers in this area.

Betting integrity

21. Betting Integrity cases in the UK (particularly in football) have been the subject of media attention in November and December. SBIU colleagues are engaged with the National Crime Agency and Football Association.
22. I mentioned earlier the meeting with the Secretary of State in December, with representatives from sport, which focussed on the success and evaluation of sports education programmes and the use of hotlines to support the reporting suspected cases. Work is also planned this year to identify opportunities to increase the level of reporting to the SBIU from sport.
23. The final plenary drafting meeting for the Council of Europe Convention has taken place (20-22 January), which aims to be open for signature by August 2014. We are contributing to a European Commission research study to assist in preparing a recommendation on best practices in the prevention and combating of betting-related match-fixing in the EU28 and have been asked to contribute to a UEFA anti match fixing planning conference in April.

Marketing and advertising

24. Further to Jenny's meeting with the Secretary of State in October to discuss marketing and advertising concerns we have provided two further briefing papers to DCMS officials, which summarise available evidence relating to gambling prevalence and problem gambling by activity; underage gambling; self exclusion; gambling expenditure; free bet and bonus offers; and set out details of relevant future research. We are expecting a follow-up policy steer from the Secretary of State.
25. In the LCCP consultation which closed on 4 December, we posed the following question: '*Q1. The Commission welcomes respondents' views on the proposed multi-agency review of the marketing of free bets and bonus offers. In particular, we are interested in comments on the issues that should be covered in the review and any changes thought to be needed to LCCP in relation to marketing (for example code provision 4 relating to marketing).*' We received 32 unique responses (42 in total) which have provided us with a helpful steer on what ought to be included within the proposed multi-agency review. Although responses (as expected) span the spectrum of 'do nothing' to 'ban free bets and bonuses' there is broad support for a multi-agency review

with a view that this should be a collaborative effort with industry to encourage greater clarity/better guidance on offering free bets and bonuses, rather than changing regulatory requirements.

26. A B/CAP 'Help Note', due to be published in early 2014, will include new, specific guidance on free bets and bonus offers to make clearer the requirements on marketers of such offers. It will underline the need for marketers to give appropriate prominence to any significant conditions associated with their offers. The Commission is working closely with B/CAP, ASA, OFT and the wider GAMU constituencies to explore joint awareness raising and engagement events with industry in the spring which may subsequently inform further guidance and appropriate revisions to LCCP.
27. The marketing and advertising workstream has held two scenario planning workshops which have successfully explored and key policy and operational issues associated with the Remote Bill whilst 'testing' our future compliance and enforcement capabilities. A further session has been scheduled for late January to 'sweep-up' any outstanding issues.
28. We have developed a marketing and advertising stakeholder map and engagement plan which will inform future activity and engagement and, importantly, will support the Commission's broader Remote Bill communication plan.
29. **[Exempt information under section 31 of the Freedom of Information Act]**

Machines, triennial and social responsibility

30. The Minister met the five largest bookmakers in December regarding development of harm prevention measures, and will meet with them again by the end of January. We are working closely with DCMS to ensure discussion with the industry drive towards outcomes that are likely to impact positively on those at risk of problem gambling.
31. **[Exempt information under section 31 of the Freedom of Information Act]**
32. We attended the casino industry Playing Safe meeting on 13 January. Progress on metrics development and data collection is limited to macro data so far, although NCF advised that the individual casino operators would hold the data needed for 'social responsibility purposes'. The national voluntary self-exclusion scheme is also developing slowly, with an intention to commence trialling the scheme in quarter one, with four NCF members involved. The announcement on this, which was planned before Christmas, was delayed due to NCF having apparently concluded that facial recognition technology (which would have been a component of the scheme) is not fit for purpose.
33. On the industry's social responsibility codes more widely, betting have slipped on introduction of underage testing for smaller members. We met the ABB in December to discuss this. Material provided by individual operators on customer interaction suggests that the machines measures are on track for implementation by March. We have been provided with Ladbrokes' training material – which covers the main points set out in the code.
34. We have shared our Initial thoughts on the transparency and messaging regarding RTP on machines with representatives of the industry. We are expecting P3 to report back in mid-January (they had offered to work up some proposals).
35. We met Corals, Paddy Power and Ladbrokes in December to discuss their underage gambling strategies. **[Exempt information under section 31 of the Freedom of**

Information Act]. We will also be receiving the final quarterly returns for 2013 towards the end of this month.

36. We published the results of the 2013 phase of test purchasing work with LAs across England and Wales. The results demonstrated some major weaknesses among the small/medium-sized independent betting and adult gaming centre operators. The industry was advised in the press release that they should view the results as an opportunity to make serious progress in improving its performance in this area. However, if severe weaknesses persist in parts of the industry, consideration will be given by the Commission to mandating new measures to improve the degree of protection offered. Individual operators will also increase the risk of formal regulatory action being taken against them if they fail to comply.
37. On the back of the results we wrote to the ABB and BACTA in mid December re-emphasising the messages of the press notice. The ABB was sent a further letter before Christmas outlining our expectations of its test purchasing programme, which is a key part of its Code for Responsible Gambling but is also overdue in terms of timetabled delivery. We expect a reply and progress update from the ABB in January. Separately, the Bingo Association is due to commence its own independent testing programme by the end of this month.
38. The machine testing strategy revision has reached conclusion, with recommended changes advised to Board by correspondence.

Regulatory framework

39. Approximately 70 responses were received to the LCCP and Protection of Customer Funds consultations in early December.
40. We made a representation regarding a bingo premises application for a public house to Westminster City Council (Rileys are the applicant). Our concern is that the bingo licence might be a means of circumventing the limits for gaming machines in public houses. The council has also made a representation. We are working closely in support of the LA, with the hearing planned for late February.

Lotteries

41. We have continued to provide information and advice to DCMS for the proposed consultation on society lotteries. DCMS has advised that they are reviewing their approach to, and the scope of, the consultation. The DCMS timetable for the consultation is not clear but in the meantime, we are developing our position and advice on this issue.
42. In December DCMS contacted the Commission to say that they intend to take forward the lottery deregulation proposals suggested by the Commission in 2011 and we have provided further advice on this issue. This will form part of the 'Deregulation Bill' and they intend to publish a consultation paper in January.
43. **[Exempt information under section 31 of the Freedom of Information Act]**

PGA betting

44. We have instructed Philip Kolvin to act for us in relation to the Newham Judicial Review, the grounds for which remain unsettled at the present time.

Shared regulation and Better regulation

45. We met Westminster City Council officials to discuss the finalisation, testing and roll out of a gaming machine training module (predominantly about powers of entry/seizure and related protocol).
46. Discussions are progressing with HMRC regarding setting up a task force to focus on illegal poker clubs/illegal machines.

Research, including support to the Responsible Gambling Strategy Board (RGSB)

47. The Trust's Harm Minimisation Conference on the 11 December was well attended.
48. RGSB are working on a young person's position paper and the machines research framework. RGSB will provide an update for the Commission on the Strategy in the next few weeks.
49. Chris Kelly attended a meeting with the Minister and bookmakers on the 12 December.
50. RGT trustees meeting is on the 14 January and the RGSB Board meeting is on the 21 January.

Health Survey for England:

51. Results for the HSE were published on the 18th December. The results show a fall in the problem gambling rate since BGPS 2010 as measured by DSM-IV and PGSI screens. This fall should however be viewed with caution due to the change in survey vehicle since the BGPS
52. Launch event was held on the day of publication and attended by members of the RGSB advisory group including representatives from the industry, trade bodies and faith groups. Results were fairly well received, with members of the industry noting themselves that the results should not encourage any complacency.
53. The main Commission message was that although the overall rate of problem gambling appears to have fallen there are still certain groups (young men in particular) of whom a large proportion experience problems with their gambling (16.6% of 16-24 year old men are either at risk or problem gamblers)
54. Once the HSE and SHeS datasets become publically available the Commission will produce an initial statistical bulletin followed by an in-depth report on what the datasets show. This will be produced by NatCen in conjunction with the Commission and on advice from the RGSB Research Expert Panel.

Millennium Cohort Study

55. A large-scale longitudinal study of children born in 2000; the project lead has been sent several academic papers to provide support for inclusion of a problem gambling screen.

Project lead and the project's academic committee are in the process of reviewing and assessing whether to include these questions.

Young People Omnibus

56. The Commission confirmed with Ipsos MORI that the adolescent version of the DSM-IV problem gambling screen will feature in the 2014 survey (alongside usual questions on gambling participation).

Social gaming

57. We sought external expert advice from a number of data analytics companies to assist in refining the 'data framework' for social gaming operators (this framework is to assist the industry in analysing their player behaviour data). The International Social Games Association is currently further refining this framework and seeking agreement on it from their member companies.

Industry statistics

58. The Industry Stats were published on 28 November and reported an overall increase in GGY of 7% on the previous year. GGY from B2 gaming machines had also increased by 7%. Some media and industry coverage of the data. In total the main report was downloaded 549 times in the first four weeks of publication and the Excel version 270 times. This compares with 589 downloads at the same time last year for the main document and 119 downloads for the Excel version.

Finance

59. The planning and budget process for 2014/15 is now well under way and a draft corporate budget and updated business plan will be presented to the Board for a steer in February
60. KPMG will conduct the interim audit for the Commission in January. They will also be conducting the final audit of the 2013/14 part year accounts for the National Lottery Commission prior to the merger.

ICT

61. A detailed plan has been completed for 2014/15 to consolidate Commission and NL domains and relocation of business continuity management due to expiry of the lease on our business continuity site (Apex Court in Bristol) in November 2014.

Business continuity and information security

62. A review of the Commission's Mission Critical Activities (those that, if not undertaken, would cause an organisation to fail) was conducted in November 2013. The Business continuity plans are currently being updated in light of the outcomes from this session.

HR workstreams

63. Recruitment advertisements were placed in early December for additional resources required across the Commission. Five vacancies were advertised, with each attracting a large number of applicants. Adverts closed in the first week of January 2014 and

interviews are to follow shortly with the aim of new recruits joining the organisation in March/April 2014.

64. The management of casework (covering disciplinary, absence management and performance management issues) continues. Senior managers have been involved as appropriate.
65. The Employee Conference was held in early December. The focus of the day continued the theme of 'what does good look like' from our Spring Conference and built on this by showcasing programmes where good has been defined and is being delivered. We also asked staff to really think about their contribution to the business and how they communicate this to others. Anecdotal feedback to date indicates that the messages and the day have resonated across the organisation.

Annex A – media coverage and publications

1. A total of 58 media calls were handled, with 36% concerning integrity, 16% about gaming machines and a further 12% on betting.

The Commission was mentioned in the media 382 times.

- Positive coverage included:
 - the Commission hosting an event for sports governing bodies, operators, law enforcement agencies and sports associations to share details of their work in preventing match-fixing in British Sport.
 - the Commission issuing guidelines on SWP (skills with prizes) machines for local authority licensing officers.
 - a number of National Lottery good cause funding stories including - areas of England receiving a share of Sport England's 'Protect Playing Fields' fund; the 2014 Sainsbury's School Games Festival being helped by funding; pupils in the south west able to take part in school games festivals again this year thanks to NL funding and Lotto cash helping to save a church from death watch beetles.
 - Neutral coverage included:
 - two football match-fixing stories as mentioned earlier at para x.
 - publication of the Industry Statistics which led to a number of stories in the trade press.
 - trade press coverage of the Gambling (Advertising and Licensing) Bills passage through Parliament. It has passed the second reading in the House of Lords and has moved on to the Committee stage.
 - Negative coverage included
 - an article in Coinslot which reported on Leslie MacLeod-Miller's speech at the BACTA Convention. In it he expressed frustration with the Commission at what he felt was 'inaction' regarding B2 machines.
 - reports that NL ticket sales were down from £3.5bn to £3.3bn and millions of players were unable to check numbers or collect winnings following a 'technological glitch'.
2. Publications
 - [Gambling industry statistics April 2008 to March 2013 - Word version](#)
 - [Gambling industry statistics April 2008 to March 2013 - Excel version](#)
 - [Drop and win summary report for October 2013](#)
 - [Skill with prize machines - a quick guide for Licensing Officers - November 2013](#)
 - [Chairman's keynote speech - Public confidence - the key to innovation and growth in the gambling industry](#)

Also four e-bulletins and two licensing authority bulletins were published.

- Press Releases

Working together to stop match fixing in sport
Gambling advice and guidance for local councils
Convicted loan sharks ordered to pay back more than £300,000
Remote regulatory returns consultation extended
Latest industry statistics published
Underage gambling controls must improve
Health Survey for England gives up-to-date assessment of gambling participation and problem gambling rates
Unlicensed online gaming machine suppliers cautioned

3. There were six PQs:
 - What recent discussions she has had with the Gambling Commission on in-running laying on a betting exchange by those benefiting from the time delay between live and transmitted events; and if she will make a statement.
 - What assessment her Department has made of effectiveness of the Gambling Act 2005 in preventing gambling from being (a) a source of crime or disorder, (b) associated with crime or disorder or (c) used to support crime.
 - Last week the National Crime Agency arrested six individuals following allegations of match-fixing in the English Football League. Will my right hon. Friend assure the House that every possible measure is being taken by the Football Association, the Gambling Commission and the NCA to uphold the integrity of English football?
 - When she expects the first receipts from the sale of Olympic assets to be returned to the (a) Big Lottery Fund , (b) Heritage Lottery fund, (c) other lottery distributors; and if she will make a statement.
 - Which Ministers in the Northern Ireland Executive were consulted about provisions in the Gambling (Licensing and Advertising) Bill which apply specifically to Northern Ireland; and if she will make a statement.
4. Since a peak in October, visitors to our website have steadily declined by 15%. This is a year on year trend due to the run up to the Christmas period. Visitors in November were at 34,543, down to 30,008 in December. Despite the drop, this is still a higher figure than visitors between July and September (summer holiday period).
5. On average 35% of visitors are viewing our website on a tablet or smart phone. This has increased by 10% since June 2013. One of the benefits of the new CMS (content management system) being introduced for our websites during January is improved compatibility with tablets and smart phones.
6. An extra edition of our E-bulletin newsletter was sent on 25 November 2013. This triggered a steep 35% rise in visitors to the website on the following three days. The most popular news item was 'Have your say on other proposed changes' – reminding subscribers of all four consultations that were open at the time and resulting in a 25% increase in traffic to the relevant website pages (compared to the previous week).
7. We increased the number of our Twitter followers by 27% in November and a further 27% in December to 385. Google Analytics shows that during these two months Twitter led to 308 visits to our website – a 1,825% increase on the same period in 2012. The Commission maintained a good online reputation throughout November and December – 67% of mentions were positive and only 1% were negative.

Over November and December we increased our LinkedIn company page followers from 520 to 679, an increase of 31%. Google Analytics show that during these two months LinkedIn led to 93 visits to our website – a 520% increase on the same period in 2012.

Annex B – Complex Cases

1. [Exempt information under section 31 of the Freedom of Information Act]
2. [Exempt information under section 31 of the Freedom of Information Act]
3. [Exempt information under section 31 of the Freedom of Information Act]
4. [Exempt information under section 31 of the Freedom of Information Act]
5. **Judicial Review** – London Borough of Newham have been granted permission to bring a judicial review claim against HIO Paddy Power. The Commission has been called to participate in the review hearing providing a further opportunity for us to clarify our primary gambling activity position. In addition, the Association of British Bookmakers (ABB) has requested intervention, which has yet to be ruled upon by the Court.
6. [Exempt information under section 31 of the Freedom of Information Act]
7. [Exempt information under section 31 of the Freedom of Information Act]
8. [Exempt information under section 30 of the Freedom of Information Act]