


Report from the Chief Executive

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

Prepared by: Jenny Williams
Chief Executive

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Introduction

1. This paper summarises the main activities in the Commission since the previous Board meeting.
2. The month has been dominated by the continued discussions with DCMS and the industry about the Remote bill, concerns about player protection measures and the PM's promised completion of the review of FOBTs by Spring.
3. In addition we have rightly had to devote a considerable amount of staff time to the current recruitment push with its associated interviewing and induction demands (you will notice the increased number of people and desks). We have developed plans to manage while filling the programme director vacancy and meeting other immediate pressures.
4. **[Exempt information under section 31 of the Freedom of Information Act]**, various money laundering complex cases and the two betting operators which defaulted on the payment of accounts have also been significant preoccupations. A summary of key complex cases are attached at Annex B.

Meetings -

5. The following key meetings were attended:
 - Philip continued his series of meetings with Chairs of major operators to discuss and reinforce the points made in his ICE speech, meeting the chairs of William Hill, Gala Coral and Paddy Power. He also met Playtech's new chair Alan Jackson who has taken over from Roger Withers, and Peter Brooks, President and Chief Operating Office of Genting UK plc.
 - Philip met Andrew Love in his capacity as Chair of the Casino Operators Association at Andrew's request to discuss future plans of the COA and his imminent retirement when it merges with NCiF
 - Philip had a catch-up with Sam Foley, Finance Director DMCS
 - Paul Morris and I met **[Exempt information under section 40 of the Freedom of Information Act]** of Ladbrokes and discussed the Remote Framework
 - Matthew Hill and I had various meetings with Neil Goulden, Carl Leaver, Chief Executive, Gala Coral, Richard Glynn, Chief Executive, Ladbrokes, Catherine Colloms, Director of Corporate Affairs and Andy McCue, Head of Retail UK & Ireland – Paddy Power following up the recent roundtable with the Minister on FOBTs .
 - We hosted a visit from John Kelly, CEO and Jamie Wiebe, Director, Research and Development from the Ontario Responsible Gambling Council - primarily to discuss their Responsible Gambling Online Standards
 - Graham Sharp, Ben Haden and I met Andy Duncan, Camelot; this was in addition to the regular CEOs meeting with Dianne Thompson and Andy.
 - Brad Enright and I will attend the ABB AGM on 18 March.

- I met Andy Parkinson of UK Anti Doping to discuss our overlapping interests with sports bodies and the scope for joint working.

Media and wider stakeholder interest

6. There was good coverage in the trade press of Philip Graf's speech at ICE titled "Innovation as a force for good – exploiting technology to secure public confidence" in the trade press. Coinslot said he praised the industry's innovations and technology, while reinforcing the message that social responsibility is paramount.
7. There was positive coverage in the national press following the Winter Olympics where lottery funding had helped Great Britain equal its biggest ever medal haul.
8. In relation to the National Lottery, there has been further media interest in the decline of returns to Good Causes and the adjustment made to proceeds from sales ahead of the re-launch to enable the launch promotions – see note previously circulated to the Board for background.
9. The retail press reported that Camelot was aiming to recruit 10,000 stores for its scratchcard-only offering, aimed at outlets that do not have the footfall or revenue to support full terminal application.
10. I have attached a brief list of other coverage and publications at Annex A.

Forward Look - Compliance

11. Two senior officers and one senior manager have joined the Commission, with more staff due to start towards the end of March and early April. Final interviews for further senior officers took place in late February; five offers have been made and accepted. The individuals are expected to take up the post towards the end of April.
12. Following the recent departure of the Senior Manager – Compliance in Scotland, we have been considering how to structure our presence in Scotland, both in terms of compliance and as a contact for key stakeholders in Scotland including local authorities and the Scottish Government. We are recruiting the compliance post and exploring the possibility of taking on someone to act as the Scottish arm of our Local Authority Liaison Unit.

Licensing (operator and personal)

13. 29.8% of operators have signed up to use the e-services operator service. Of these, 45.5% are remote.
14. There is an ongoing increase in PL Maintenance work this year, with nearly 1,500 packs issued in the first two months, compared to less than 600 for the same period last year. This increase will continue throughout 2014 because section 19 certificate holders who applied for licences in 2009 need to apply for personal licences as the certificates expire in December 2014.

Betting integrity

15. We received the final draft Council of Europe (CoE) Convention (ver. 6.1) and Explanatory Text which now progresses to ministerial consideration. Discussions between DCMS, the Ministry of Justice and CoE have continued as to the criminal law

provisions and further clarifications within the explanatory text are being considered. The documents are available if required.

16. Nick attended a meeting chaired by Minister Helen Grant which was a follow up to the one held in December to review sports implementation of the Parry Report [2010] recommendations and concerns as to the efficacy of section 42 (Cheating at Gambling) with regard to the manipulation of sports events. Sports bodies were invited to provide case evidence to support concerns around section 42 of the Gambling Act 2005. The collection of confidential information by sports bodies was discussed. The BHA now leads on behalf of major sports governing bodies to bring forward proposals to improve the use of, and SBIU access to, the Crimestoppers reporting lines.
17. Nick spent a week at Winter Olympics with the IOC Director (Ethics Commission) to assist, as part of the 2012 Games legacy commitment, the IOC/ and the Director of Legal Affairs for the Rio 2016 Olympic Organising Committee. The aim was to share our experiences at the 2012 Games to help inform decisions on establishing a Joint Assessment Unit for the 2016 Games, the development of the IOC's international strategy focused upon developing the IOC's Integrated Betting Intelligence System (IBIS) and engaging National Olympic Committee members as to the provisions of the draft CoE Convention into which IBIS is intended to fit. A short meeting was held with the Minister to introduce the IOC director and the IOC agenda.
18. We have met David Forrest, Professor of Economics at Salford University, who is doing some work for the EU on sports betting corruption to discuss the overseas betting markets, India and the East Asia in particular and explore the scope for him providing us with briefing and further advice.

Marketing and advertising

19. An amendment to the Remote Bill which called on the Secretary of State to '*consult on the current regulatory position concerning advertising of remote gambling and other forms of online gaming activity where it is likely to be seen by, or influence, a child or children and shall lay a report of the findings before both Houses of Parliament not later than the final day of 2014*', was withdrawn during the course of the Report stage reading in the Lords on 4 March following the Government's commitment to four strands of work. seek to ensure that the regulatory controls on gambling advertising are properly examined, especially in relation to children and the most vulnerable:
20. The four strands are
 - Government has asked the Remote Gambling Association (RGA) to coordinate an industry led review of the voluntary 'Gambling Industry Code for Socially Responsible Gambling', with proposed revisions expected by the summer.
 - B/CAP will evaluate the findings of the soon to be published Per Binde report on gambling advertising to consider what regulatory implications arise as a result, with findings due to be published by the autumn.
 - The ASA will undertake a review of its enforcement action on the gambling rules, which will be communicated publically by the autumn.
 - The Commission will consider what revisions might be necessary to its LCCP to ensure that all gambling advertising continues to comply with the licensing objectives of the Gambling Act 2005. This work will be particularly focussed on ensuring that free bets and bonus offers are marketed in a fair and open way

by the gambling industry. A consultation on possible revisions is being planned for the summer.

National Lottery programme

21. Sales for Lotto have continued to stabilise at pre-Christmas levels following the considerable rollover and promotion during the festive period. We met Camelot for a more in-depth general review of Lotto performance, and this was discussed at the NL Committee last week.
22. We have continued to support DCMS to improve the information that distributors receive to help them to plan; this has become more important with public funding cutbacks and lottery money no longer growing.
23. We are preparing for the Board to Board meeting with Camelot on at 11.00am 26 March.
24. The Chair of the National Lottery Committee has commissioned an interim 'stocktake' of the committee and how the arrangements are working in practice. Sarah Gardner is undertaking this and expects to report emerging findings to the Committee's meeting in April.
25. Resources in this area continue to be under significant pressure and having considered future work, Camelot's plans, we think this will be a longer term problem. As such, we are currently drawn up proposals to bolster existing staffing. This has been reflected in the budget paper.

Machines, triennial and social responsibility

26. A considerable amount of time has been spent liaising with DCMS and with the industry on the Prime Minister's review of gambling, FOBTs in particular and the pressures in the Lords on player protection issues including self exclusion. (In the middle of this Matthew had to speak at a Policy Exchange conference on 'The Role of Local Government in Tackling Problem Gambling' but managed to do so getting good coverage in Gambling Compliance without treading on departmental or No10 toes.)
27. The Secretary of State in her Sunday Times article and the spokesman in the Lords both referred to our commitment (set out in my letter to DCMS circulated to the Board) to review the player protection aspects of LCCP and to ensure significant progress towards a national self exclusion scheme within six months. Rachel Lampard has agreed to lead the work and we have started the planning work with a view to launching the review after the Bill has completed its passage through Parliament
28. We have continued discussions on whether and how to improve information to consumers on machines. We are trialling a split arcade sector meeting with separate discussions with the machine manufacturers and with the suppliers and operators.
29. **[Exempt information under section 31 of the Freedom of Information Act]** The testing strategy consultation is now completed and the associated changes implemented. The industry has been given until 1 May to fully comply with these amendments.
30. **[Exempt information under section 31 of the Freedom of Information Act]**

Underage gambling

31. We have continued planning for the 2014 test purchasing work with local authorities with a number of LA's preparing to work jointly with us between Easter and summer. We are encouraging LA's to use the powers already conferred to them by the Gambling Act 2005 to consider sanctions (licence review, premises licence conditions or even enforcement) where test purchases demonstrate major weaknesses.
32. Matthew Hill wrote to the major bookmakers in February regarding their 2013 Think 21 test purchasing results. The results demonstrated that there is roughly a 50/50 chance of a young person accessing a gaming machine in one of their betting shops before being challenged. We warned bookmakers that failure to improve may lead to the Commission introducing stronger controls either via conditions attached to an individual operator's licence and/or via mandatory measures in the LCCP.

Shared regulation and better regulation

33. Illegal poker - we supported Enfield local authority in their refusal of a Club Premises Certificate (for a Big Bluff mark II).
34. We have reminded local authorities of the 2013/2014 LA returns process and when they need to submit information to us.

Remote review implementation

35. The report stage of the Bill was completed on the 4 March in the Lords. Our agreement with MasterCard, PayPal and Visa Europe on financial transaction blocking which was used by Baroness Jolly in the Report debate helped secure the (close) defeat of the amendment seeking powers for the Commission to direct financial blocking. No amendments were made although one is promised at the Third Reading in relation to the horse racing levy and we may be pressed again then on some issues.
36. With the Third Reading on the 18 March but with the promise of an amendment the implementation timescale has slipped back and currently looks like 1 August.
37. The internal licensing process and procedures for transitional and full applications have been completed.

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

38. We have selected the bidder for compendium reports 2, 3 and 4. NatCen is on schedule to produce report 1a. Following guidance from the RGSB Research Group and NatCen, and given that 1a will be a statistical report based on combined data from the HSE and SHeS the report will not be peer reviewed. The question set used in these studies has been extensively peer-reviewed in previous BGPS surveys. The data have been subject to a basic re-weighting based on ONS mid-year population estimates which does not warrant peer review. The purpose of peer review for report 1b is to comment on the quality of the reporting. Report 1a will contain very little narrative beyond setting the data in context and providing caveats to comparisons with the BGPS series.
39. A headline summary of the combined results of the HSE by early April. Rachel Volberg and David Forrest have agreed to peer review report 1b - An in-depth report on the combined results of the HSE and SHeS.

40. We are pursuing alternatives to current provider of the quarterly participation survey and have decided to run the mini screen for another year to assess its validity against the health surveys. On the latter we are in discussion on securing a gambling module in the English survey producing results in 2016.
41. We continue to develop our provision of data to the public with plans to include National Lottery data within industry statistics. The proposal is for NL data to have its own page, matching the current format of the Lotteries page, using NL data which is already publicly available through NLC annual reports.
42. The RGSB Young Persons Group met on 26 February and discussed the position paper which has now been shared with the Commission.
43. The Strategy update letter has been published on the RGSB website
44. The following meetings have been held: RET Chairs' meeting 5 March; RGT Trustees meeting 6 March; RGSB Board meeting on 11 March and Research Committee meeting on 13 March.

Social Gaming

45. We have continued to press the social gaming industry (through the International Social Games Association, ISGA) to develop the evidence base on social gaming to enable us to assess if we or other regulators should have concerns.
46. The first data provided by the ISGA is brief, high-level and totally inadequate. In addition to pressing them we will approach one of the major operators direct.. In addition we have started to build up social gaming market profile.

Transparency (including legislative compliance with FOI, DPA and official statistics)

47. An appeal has been made to the Information Commissioners Office (ICO) regarding an FOI response. The requestor has appealed our refusal to identify the football competitions in which suspicious betting took place (based on the figures published in the Industry Statistics). We will be making further representations to the ICO before they make their decision. We are also being pressed for information on Canbet, the sports betting firm that has stopped trading while owing a number of players.

Finance and Business Planning

48. The 2014/15 budget and medium term financial plan has been finalised and is presented on the Board's agenda for review and approval. Work has continued, led by Mark Harris, on the development of the strategic narrative, revising the business plan for 2014/15 and making BPPB a more effective risk, resource planning and delivery mechanism.

Business continuity and information security

49. We have identified a new disaster recovery site and we are currently planning for the migration of the equipment and the new connections that will be required. Discussions with VSH's new owners and the government property unit have taken a turn for the better reducing (but not removing) the risk of a highly disruptive move in 2016.
50. Following helpful input from Audit Committee members, we have completed the annual Security Policy Framework (SPF) assessment to DCMS. They have not provided any feedback to date.

HR workstreams

51. The HR workstream has handled the recruitment to fill 39 vacancies since December, 35 are still live.
52. Following the identification during the 2013 Training Needs Analysis that statutory and mandatory training needed to be delivered in a more consistent and cost effective manner a small workstream was formed to develop a solution. The identified solution was an e-learning platform. Learning Pool, the Commission's chosen e-learning provider, was launched during February 2014. All colleagues been asked to complete the statutory modules by the end of March 2014. This platform will be further developed in line with the Commission's future training needs.
53. We have updated our induction programme including using our new e learning platform for new starters.
54. The management of casework (covering disciplinary, absence management and performance management issues) continues. Our outline people strategy is due for discussion at Remco.

Annex A – media coverage and publications

55. A total of 26 media calls were handled, with 38% concerning remote queries, 19% about betting and a further 11% on the National Lottery.
56. The Commission was mentioned in the media 50 times.
- Positive coverage included:
 - Two Batley Bulldog rugby league players being found guilty by the RFL of illegally placing bets on matches. The press reports mentioned the pairs activities were revealed by the Gambling Commission
 - Reports of the Commission and local authorities targeting suspected illegal poker clubs across the country.
 - Neutral coverage included:
 - The Commission suspending the licence of Bodugi Limited amid concerns over the ability of customers to withdraw funds
 - The Commission releasing yearly analysis of the levels and types of gambling in Great Britain in the omnibus surveys.
 - Negative coverage included
 - Reports of a grandfather with cancer who was outraged after thinking he had won £80,000 on a National Lottery scratchcard, only to be told there was a printing error and he had won nothing.

Publications

57. Drop and win summary report for December 2013 Chairman's keynote speech - Innovation as a force for good - exploiting technology to secure public confidence
58. Two e-bulletins and one licensing authority bulletin were published.

Press Releases

- Interim suspension of operating licence – Bodugi Limited
- New service allows operators to apply for a licence online
- Rugby Football League sanctions welcomed
- Gambling Commission keyed in to IOC for suspicious betting at Winter Olympics

There were three PQs:

59. To ask the Secretary of State for Culture, Media and Sport (1) when the regulations governing the staffing of betting shops were last reviewed; and if she will make a statement;(2) what assessment her Department has made of the arrangements to ensure the safety of staff single-working in betting shops; and if she will make a statement;(3) what recent representations her Department has received on the safety of staff working on their own in betting shops.
60. Our response: Like any workplace, betting premises must operate within the requirements of the Health and Safety at Work Act and the Management of Health and Safety at Work Regulations 1999. In addition, the Gambling Act 2005 provides powers to local authorities to attach conditions to a betting shop's premises licence to ensure that it meets its obligations in upholding the licensing objectives of the Act; the Government regularly reviews and assesses the effectiveness of these measures.

There is evidence that some local authorities are using these powers to good effect to impose licence conditions on betting shops including a requirement to have a minimum of two members of staff on duty throughout the whole day. I receive representations on a range of matters in relation to betting shops.

61. To ask Her Majesty's Government whether they are receiving full co-operation from the gambling industry in their study into the impact of fixed-odds betting terminals in high-street betting shops
62. Our response: The Minister for Sport, Tourism and Equalities has required full co-operation from the betting industry to understand the impact of category B2 gaming machines in high-street betting shops. The Government has made it clear that if the existing knowledge gaps in relation to these machines cannot be closed the case for precautionary measures is significantly stronger.
63. To ask Her Majesty's Government what steps they are taking to review the pre-watershed advertising of bingo websites
64. Our response: The Government is working closely with the Gambling Commission, the Advertising Standards Authority and Ofcom to consider the growth and audience of remote gambling advertising on television, including online bingo, and what impact it may be having on the licensing objectives of the Gambling Act.

Websites

65. During February we had 35,895 visitors, of which 62% were returnees. On average, visitors spent four minutes viewing the website, looking at an average of three pages per visit. Positive feedback rating via GovMetrics has increased to 52% (2% up on January).
 - To improve the service we provide for operators we launched an [online application system](#) in February. Prospective operators applying for a remote licence or for a non-remote licence alongside a remote licence are now required to use the new service via our website.
 - This month we introduced a new frequently asked question to better manage stakeholder expectations and to clarify our position if an operator fails to pay customers. The FAQ entitled '[What is the Gambling Commission's role in protecting player funds?](#)', aims to curtail criticism directed at us by frustrated consumers.
66. During January our Canbet response webpage received 2,479 page views. This has decreased by 21%. The newly created FAQ, which stemmed from this issue, '[Is my money safe when deposited with a betting operator?](#)' received 155 page views.
67. The term 'Canbet' was searched for 268 times via the website search engine and 22 times via the operating licence register search – both of which are a 50% decrease on last month. As a comparison, Bodugi was searched for 19 times via the website search engine, and 47 times in the operating licence register search.
68. A year after the launch of our RSS feed, statistics show that this has not been utilised by website visitors, therefore we will be discontinuing the feed in March. Since launch in December 2012, we have only gained 53 subscribers. When this is compared to the 632 followers our Twitter account has gained since launch in October, this is clearly very low.

Twitter

69. Of the 426 references to the Commission in February, 27% were positive (showed us in a good light or reinforced our messages), 6% were negative and 67% were neutral.
70. In January there were 391 references to the Commission – 15% were positive, 10% were negative and 75% were neutral.
71. This positive sentiment (27%) can be attributed to the following:
 - Our involvement in an investigation which led to two Batley Bulldogs players being banned after being found guilty of breaching the game's rules on betting.
 - Suspension of the licence of Bodugi.
 - Successful launch of the Commission Application Online.
72. The vast majority of negative sentiment (6%) can be attributed to mentions of Canbet.

LinkedIn

73. Between 1 February and 1 March, 2014, 51 visits were from LinkedIn, representing a 920% increase on the same period last year and a 51% decrease on the previous month.
74. Between 1 February and 1 March, 2014, we increased our company page followers from 722 to 758 – a rise of 4.9%.
75. We continue to work on our LinkedIn groups - 'The Gambling Commission, licensing officers and licensing authorities' and 'Keeping Money Laundering out of Casinos'.

Annex B Complex cases

Bet 365

76. This investigation relates to the case of a customer of Bet 365, who is now serving a custodial sentence for theft and money laundering offences. He spent substantial sums of money across a range of Bet 365's gambling products, which given his conviction raised questions about the operator's money laundering and social responsibility controls.
77. The investigation is nearing completion. The Commission has shared the finalisation letter and a draft public statement with the operator for their consideration and comments. The plan is to publish the statement in April. The operator is also going to contribute to the Commission's investigation costs.
78. **[Exempt information under section 31 of the Freedom of Information Act]**

Canbet

79. The Commission is still receiving complaints and Freedom of Information requests about Canbet, although the flow has reduced in recent weeks. We have continued to stay in contact with the directors of the company, who are apparently trying to sell the business, as a going concern, to new investors located in Curaçao. The Commission have provided the operator with the necessary application forms to progress this potential change of corporate control, although at the time of writing no application for a change of corporate control or new operating licence had been received.

Bodugi

80. The Commission commenced a licence review and suspended Bodugi's operating licence on 21 February. The Commission had received numerous complaints, dating back to December 2013, from customers who were concerned about the non-payment of funds held in their accounts. In the run up to the suspension the Commission tried to contact a representative of the licensee, but had not been able to engage with any senior member of staff or personal management licence holder, to discuss concerns and other compliance issues. So, due to the seriousness of the concerns and the repeated failure to comply with requests to contact the Commission, the decision was taken to suspend the operating licence.
81. There are a number of issues that need to be discussed as part of the licence review process. One of the most important relates to the operator's repeated failure to respond to the Commission's enquiries. The Commission is also liaising with payment providers to try to ensure that any monies deposited on behalf of customers are ring-fenced.

Operation Charger (Sittingbourne Greyhound Track)

82. This investigation relates to suspicious betting patterns surrounding two greyhound races which took place at Sittingbourne on 28 December 2013 and the possible manipulation of the starting prices by the on-course bookmakers. Interviews have been completed with all of the operators concerned and it is likely that licence reviews will be commenced in relation to some of those operators.
83. The case manager is also preparing a draft public statement, setting out specific points of learning which should be of value to the wider industry

Operation Havana (Agorabet)

84. This is a criminal appeal against conviction and sentence for operating without an operating licence. A hearing to consider legal arguments about the admissibility of evidence was held in January, the outcome of which was that the Commission's evidence served after the original trial concerning how the money was spent is admissible, but the court has refused our application to admit the convictions of Mr Mann's co-accused into evidence.
85. The Appeal hearing itself is listed for ten days from 12 May to 23 May 2014.

Praesepe / Cashino

86. This case, which has recently been concluded, concerned making excessive numbers of B3 gaming machines available for use in some of the operator's Cashino Bingo premises. The premises licenses displayed at a number of sites had also not been updated to reflect the change in operating licence details following the acquisition of another operators' premises
87. The operator also paid £25,000 to the Responsible Gambling Trust.
88. Whilst the Commission did not insist on a public statement in this case, the operator has published one in Coinslot this month (sharing a draft with the Commission in advance).
89. **[Exempt information under section 31 of the Freedom of Information Act]**
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