

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 summarises the main activities in the Commission during the period.

Headlines

2. Further detail on the activities of workstreams across the Commission is provided in the remainder of this report and updated corporate risk register (item 7 and performance data (item 11). The main preoccupations over the past month have been:
 - Preparations for the implementation of the Gambling (Advertising and Licensing) Act.
 - How to develop and improve the Commission's effectiveness while taking on new staff and trying to fill a number of senior posts.
 - Working with industry, RGSB and RGT to improve the evidence base for policy making.

Meetings

- Philip had a regular catch-up with Neil Goulden, Chair of RGT
- Philip and I met Fred Done, chair of Betfred, the last of the major betting company chairs to meet us following Philips' approach in December 2013
- Philip, Graham Sharp and I met Lee Sienna, Chair and Dianne Thompson, CEO of Camelot for our quarterly catch-up followed by my regular catch up with Andy Duncan, CEO Camelot UK
- I chaired the eGambling Working Group meeting and attended the IAGR Board of Trustees meeting in Dublin whilst colleagues attended the GREF conference.
- Whilst in Dublin I went to Power Tower where 2000 of Paddy Power's 4000 staff work and met Patrick Kennedy their CEO, David Johnston (General Counsel), Garret Greene (Group Compliance Manager) and Catherine Colloms (Director of Corporate Affairs) and Dermot Golden (Head of Risk).
- I met Mr Keizo Goto, Senior Managing Director, Financial Futures Association of Japan who wanted to discuss betting and the role of the Commission in regards to financial products such as binary options.
- We held a pre-consultation workshop on social responsibility aspects of LCCP with a range of stakeholders from industry, bodies with an interest in gambling and local licensing authorities.

Licensing (operator and personal)

3. 91% of the existing remote operators are registered for e services. The 34 remaining remote operators are being encouraged to register. New applicants applying online will be automatically registered for e services.
4. **[Exempt information under section 31 of the Freedom of Information Act]**
5. During this period Licensing have determined 17 OL applications, 140 PL applications, 55 Variations and CoCC applications. Over 400 PL maintenance checks have also been completed.
6. This has been the peak period for regulatory return submissions and Licensing have been ensuring the timely collection and accuracy of over 1500 regulatory returns.

7. Over 2,300 enquires have been responded too and work is ongoing to prepare processes and FAQ's for use by the contact centre in time for the remote bill implementation.

Regional compliance and investigations

8. There are no ongoing criminal investigations.

Contact centre

9. The loss of the Commission's website for several days due to technical issues led to a significant increase in calls with colleagues taking 55% more calls than the average during the period it was unavailable. Our business continuity plans have been rapidly reassessed.

10. **[Exempt information under section 31 of the Freedom of Information Act]**

Anti-money laundering project

11. We attended a meeting with HM Treasury on 30 May which clarified current progress towards the development of a National (Money Laundering) Risk Assessment (NRA). This is planned for completion by the end of 2014. Workshops organised by HMT involving the gambling industry are planned for the end of June or July. The assessment will consider the issue in three parts – risk identification, assessment and mitigation. This mirrors the Commission's approach - captured in its own ML Risk Assessment first provided to HMT in April 2014.
12. The latest text for the 4th Money Laundering Directive (4MLD) provides that Member States may decide to exempt certain gambling sectors – in full or in part – from the requirements of the 4MLD (ie entry to the AML Regulated Sector). This must be on the basis of proven low ML risk. It is by no means certain that the text won't change again before it is finalised – anticipated towards the end of 2014. Members States will then need to implement the provisions in the following two years.
13. AML sector meetings were held with the ABB and the non-remote casino sector. These considered the NRA and 4MLD mentioned above as well as the ongoing issue of suspicious activity reporting and wider AML provisions.

Betting integrity

17. The Commission supported a European Lotteries funded workshop held at the Oval cricket Ground London on 28th May. Representative from Betting Operators and Sports Governing Bodies contributed to lively discussions on "Protecting Sports Integrity in the UK". The event was very well received and emergent themes will be discussed further at the next Tripartite group meeting.
18. Arrangements are well underway for the inaugural meeting for the new Betting Integrity Network of Regulators (founded through the Council of Europe (Sport) Convention). This is to take place in Birmingham on 1 July and several jurisdictions have reserved places. ARJEL have agreed to deliver a case study workshop. SBIU will also run a case study which will allow delegates to compare and contrast the different models used to manage betting integrity issues. David Forrest will present a session on the Asian markets. The Council of Europe is also keen to start planning for the next meeting in the Autumn.
19. We have engaged with the HIO workstream and have agreed a process that will enable us to keep informed about developments that may impact each of our work areas.

20. Colleagues attended a presentation by Professor David Forrest (University of Salford). The presentation covered a) Asian betting markets b) the risks around betting integrity issues in the UK and Europe. A copy of the slides, DVD and a note of the meeting will be posted to Commissioners shortly.

Marketing and advertising

21. I formally responded to Shahriar Coupal's (Director of CAP and BCAP) invitation to the Commission to recommend key pieces of research which ought to be included within the scope of their review of evidence underpinning the gambling advertising rules in the UK Advertising Codes. [Our response](#) has been published on our website and made Coinslot's front page (but not Have I got news for you).
22. On 29 May, Ian Angus attended a meeting with DCMS officials and the Remote Gambling Association to discuss the RGA's progress in reviewing the industry voluntary code for socially responsible advertising, which forms one strand of the Government's review of gambling advertising. DCMS is expecting an advanced draft of the revised Code late June and will seek comment from the Commission.
23. On 4 June workstream colleagues had a very constructive meeting with the Advertising Standards Authority and the Committee of Advertising Practice. We have agreed to a series of information sharing arrangements which will help mitigate the risk of illegal broadcast and print media advertising and which will strengthen our ability to seek advice on complex marketing and advertising cases involving licensed operators. We are currently incorporating these arrangements into a formal MOU.

National Lottery

24. See attached report from the Director.

Regulatory framework, including LCCP, Operational Guidance Notes, better regulation

Social Responsibility

25. On the [LCCP Social Responsibility review](#), we held a well attended workshop (approximately 50 external attendees) on 6 June, chaired by Rachel. Feedback from attendees was positive. Work is underway to progress the LCCP social responsibility consultation document. We aim to be in a position to share a draft document with Commissioners in early July. Rachel Lampard is providing an oral update on social responsibility issues at item 5 of the Board agenda.
26. Self Exclusion (remote) - the Government has committed the Commission to making significant progress to the establishment of a National Remote Self Exclusion scheme within six months:
 - The Commission and RGA have established a working group to determine how such a scheme will work in practice
 - The first meeting was held on 30 May – the group is being led by Alastair Quigley and Andy Birlson
 - The aim of the group is to produce a draft specification by September at the latest, for a workable model of a National scheme that we could put to tender
 - We will consult through the LCCP consultation on the principle that every GC licensee offering online gambling would need to participate in this arrangement.

- Early discussions suggest that a fully automated system (with the self excluder database being interrogated at every login might well be feasible)

27. Self Exclusion (non-remote)

- We met the industry trade association CEOs in the margins of the LCCP workshop (Alastair Quigley, Andy Birleson, Amanda Fox),
- We will work with the industry to explore options in this area, via a working group, with the aim of achieving a system which will allow customers to make a single request to exclude themselves from gambling premises within a local area on a wider basis than is currently possible.
- We acknowledge the difficulties of the current model (photographs of customers), but will work with the industry to facilitate sectors working together on how to improve multi-operator (and perhaps cross-sector) self exclusion arrangements.

28. Underage gambling the Board has received an update paper for information (item 10 on the agenda) This sets out the nature of the work nature of the work we have undertaken both recently and historically in relation to this key priority area, and explains our immediate and future plans as follows:

- We and local authorities are preparing to use our regulatory powers where instances of gross failures in underage gambling controls are identified as part of our ongoing test purchase work
- we are also preparing for enhanced compliance activity against operators that fail to sufficiently improve their controls over time.

29. In this latter regard, we are focussing particularly on motorway service area arcades where we expect much stronger controls to be introduced in 2014; either voluntarily by the operators or through regulatory intervention.

Complaints and disputes:

30. The Commission responded to the consultation by BIS on the implementation of the EC Directive on Alternative Dispute Resolution (ADR) and the Regulation on Online Dispute Resolution (ODR). In our response, the Commission agreed with the Government's proposal that regulators should act as the competent authority to approve ADR entities for the sectors which they regulate. If the proposal goes ahead, we would approve ADR entities who wish to handle disputes in connection with our licensed operators. The Directive is due to be implemented by July 2015.

31. We have had further discussions with overseas regulators who may wish to act as ADR entities for disputes relating to Commission licensed remote operators, which are already licensed by the overseas regulators, or indeed for operators they do not currently license. For those regulators (Isle of Man) which have indicated they will act as ADR entities, the conversations are about processes and information-sharing. For those regulators which have not made decisions, the conversations are about whether they will fulfil this role and what the role entails.

Gaming machines

32. We attended our regular meeting with the Motorway service area operators and their machine suppliers on 4 June to discuss various issues, including updating them on the

recent TITO/ML issues and giving them an update about the plans for the LCCP social responsibility consultation workshop which was subsequently held on 6 June.

33. We also attended the Electrocoin Open Event trade show, London, on 4 June where we met with representatives from BACTA, BBPA (British Beer and Pub Association) and IOA (Independent Operators Association). The primary topics of interest were 'Skill with Prize' machines whereby the industry were looking at ways to increase 'cash in box' given their poor performance of late and category C machines which were reported to be performing well since the recent increase in maximum prize from £70 to £100.
34. **[Exempt information under section 31 of the Freedom of Information Act]**

Shared regulation

35. The Commission attended the second meeting of the LGA's Betting Commission as observers. The Commission also spoke at Glasgow City Council's Sounding Board on the impact of FOBTs. Other organisations, such as the ABB, attended separate sessions with the Sounding Board.
36. The Commission held its third annual meeting with licensing officers from the Metropolitan authorities. Over 15 authorities were represented and received presentations from BRDO on Primary Authority, from Westminster City Council on their approach to dealing with gambling applications, as well as sessions from the Commission on lotteries, poker in pubs and the forthcoming LCCP/GLA consultation.

Thematic workstreams

International engagement

37. At the last EC Expert group meeting, we gave a presentation on information sharing and data protection. The key message was that information sharing should be encouraged between members and data protection legislation enables us to do this where there is a genuine reason to do so.
38. A working group was established to develop an information sharing agreement for members to sign up to. We have been heavily involved in the drafting of this agreement and will be presenting an update to the group at the June meeting.

Remote review implementation

39. We continue to work closely with DCMS on the next steps in the process following Royal Assent, with the current earliest projected date for implementation being 1 September. The transitional SI, which is needed to enable us to implement the new licensing arrangements as soon as possible and in the least bureaucratic way possible, should be published by June 23rd as needed to keep to timetable.
40. **[Exempt information under section 31 of the Freedom of Information Act]**
41. Anna Sainsbury of Geo Comply gave a presentation to some members of the Remote Programme Board to provide an update of the technology being utilised in some US jurisdictions, particularly New Jersey, to identify the location of online gamblers. Whilst the Commission does not require this technology to be used in the immediate future by Commission licensed operators we wanted to understand the availability and effectiveness of the technology, and learn from the experiences of other regulators and suppliers.

42. Paul Morris, Sharon McNair and Mark D'Andrea attended the GREF conference in Dublin and held productive meetings with other regulators, including those that currently regulate those that will soon be applying for operating licences following the implementation of the Gambling (Licensing and Advertising) Act.

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

43. Protocols for better working between the Trust and the Commission/RGSB drafted and shared with the Trust ahead of RET Chairs' meeting on 24 June 2014. Feedback provided to the Trust on their Commissioning Plan 2014-15 which stressed the need to articulate the longer term aims and objectives of proposed work and to describe how they plan to use their new research and treatment panels to develop their work plans. Feedback was also provided on the machines research outputs.
44. Young person's position paper shared with the Commission and Young Persons Group met on 10 June 2014 at which the dissemination of the paper was discussed as well as receiving a presentation from the British Youth Council. Commissioners will receive a copy of the paper ahead of publication.
45. We have been working on the tender for a new supplier for the quarterly participation survey. We are aiming to have a new provider in place for the September 2014 wave. We have decided to run the mini screen for another year to assess its validity against the health surveys. On the latter we are in the process of securing a gambling module in the English survey producing results in 2016.
46. Continued to liaise with Millennium Cohort Study team on the 'dress rehearsal' of the survey questions (age 14 wave).
47. We continue to work with the social gaming industry to encourage sharing of data. We have continued to hold productive discussions with two leading operators and we are in the process of finalising the legal arrangements (non-disclosure agreements) necessary for them to provide us data.

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

48. An appeal was lodged with the Information Commissioner's Office (ICO) by a requestor who was not satisfied with our decision to withhold information relating to the Canbet investigation. The ICO has now informed us of their decision; the Commissioner decided that the exemptions had been correctly applied so no action is required. The requestor may take the appeal further to the First-tier Tribunal.
49. An appeal relating to the non-disclosure of SBIU information has been withdrawn so we are not required to take any further action.

Finance

50. The financial accounting year end process is now complete, and KPMG have completed their audit of the annual report and accounts for the Commission including segmental analysis of gambling regulation and National Lottery regulation.
51. A final draft of the annual report and accounts has been prepared and is included as an item for consideration.

ICT

52. Due to an exceptional hardware failure external users could not access the Commission's websites for a 48 hour period. We have arranged Hot Swap hardware to be available in the event of critical failure.

Facilities

53. Negotiations with the landlord continue to agree a suitable arrangement with both parties but there are developing complications – update at Board.

HR workstreams

54. All workstreams relating to HR work are behind schedule and will require further planning in light of serious resourcing issues arising from the illness and subsequent resignation of the senior HR professional. A HR manager has been recruited on a fixed term basis to assist with the workload in the short to medium term. Further recruitment is planned within HR.
55. The management of casework (covering disciplinary, absence management and performance management issues) continues.
56. We are in the process of recruiting two or now probably three programme directors. Rebekah Eden, Programme director Evidence and Analysis will be leaving the Commission in August to work for Ofwat.
57. The Employee conference focussing on People, Purpose and Process was held on 3 June.

Annex A – media coverage and publications

1. A total of 32 media calls were handled, with 25% concerning integrity and 23% about betting queries.

The Commission was mentioned in the media 113 times.

- Positive coverage included:
 - The Commission publishing an update to the Licence Conditions and Codes of Practice.
 - An article in Pub & Bar pointing publicans to the Commission's guidance about the perils of facilitating betting in pubs.
 - Publicans being warned about what they can and can't do when playing bingo in pubs.
 - Lotto ticket sales to the end of March reaching more than £6.73bn, the second highest on record.
- Neutral coverage included:
 - Ex-New Zealand Cricketer Lou Vincent who as part of a plea bargain gave details about the tricks that match fixers use. In his testimony to cricket's anti-corruption unit he said he knew of six other players who had been involved in fixing three county games he had been involved with between 2008 and 2011.
- Negative coverage included
 - A critical article in the Racing Post about the Commission's handling of the collapse of Canbet. The article said the Commission "allowed the company to carry on accepting deposits and bets for three shambolic months after the first wave of complaints, until Canbet themselves pulled down the digital shutters on New Year's Eve 2013". Further readers letters from bookmakers then appeared in the Racing Post supporting the critical article.

2. Publications

Gambling advertising rules - Summary of research to be considered - May 2014
Review of gambling advertising -Research considerations invitation - May 2014

Also two e-bulletins and one licensing authority bulletin were published.

3. Press releases

Further strengthening to licence conditions and codes of practice
Remote Gambling Bill receives royal assent

4. There was just one written parliamentary questions of direct relevance answered by DCMS. The low number of questions was due to prorogation of both Houses of Parliament in May:

To ask the Secretary of State for Culture, Media and Sport what assessment he has made of the effects of betting shops located in areas with high levels of deprivation on those areas.

The Health Surveys for England and Scotland show that the relationship between gambling related harm and deprivation is mixed. The proposals I announced yesterday will ensure that betting shop customers are subject to greater protections wherever they are based-whether that be areas of deprivation or otherwise.

5. Websites

During May the website had 32,956 unique visits, representing an 18% increase on the same period last year (27,889 visits – May 2013). On average, visitors spent 3mins 19secs on the site and looked at three pages per visit. Feedback from Govmetrics showed 49% of visitors gave positive feedback on the pages they commented on, 20% gave neutral feedback and 31% were unhappy. This represents an increase in positive feedback (48%) and a decrease in negative feedback (35%) on April.

Positive comments included:

Web page	Feedback (SIC)
Ask a question	Good layout, easy to understand website
Premises licences	Very simple wording. Easy to comprehend
Do I need a licence?	I like it

6. Social media reputation

Of the 312 mentions of Gambling Commission in May, 17% were positive (showed us in a good light or reinforced our messages), 11% were negative and 72% were neutral.

In April there were 592 mentions of Gambling Commission - 24% were positive, 3% were negative and 73% were neutral.

Positive sentiment (17%) in May can be attributed to the following:

- Stories about Royal Assent of the Gambling (Licensing and Advertising) Act (...ensuring greater protection for GB based users of remote gambling)
- Publication of licence conditions and codes of practice (consolidated May 2014)
- Crackdown on illegal poker dens

Negative sentiment (11%) for the same period can be attributed to the following:

- A Racing Post story relating to betting operator Canbet which was headlined 'Are punters given enough protection by the regulator?'
- Stephen McGowan blog post about 'Luxury Leisure v Gambling Commission'
- The Grasp Group criticising the way the Gambling Commission is funded.

In May, 32 visits to our website came from Twitter, representing a 300% increase on the same period last year. Between 1 - 31 May we increased our follower numbers from 815 to 917 – an increase of 13%.

Between 1 - 30 May we increased our LinkedIn company page followers from 861 to 903 – a rise of 5%. We continue to work on our LinkedIn groups - 'The Gambling Commission, licensing officers and licensing authorities' and 'Keeping Money Laundering out of Casinos'.

Complex Cases

58. **[Exempt information under section 31 of the Freedom of Information Act]**

Operation Havana (Agorabet)

59. Mr Mann's appeal against conviction and sentence for operating without an operating licence has now concluded following a two week hearing which took place at Birmingham Crown Court. The appeal involved several Commission employees giving evidence and being cross examined by Mr Mann who defended himself. The verdict will be given on 20 June 2014.

60. **[Exempt information under section 31 of the Freedom of Information Act]**

61. **[Exempt information under section 31 of the Freedom of Information Act]**

62. **[Exempt information under section 31 of the Freedom of Information Act]**

Globet International

63. The Commission commenced a licence review of the operating licence and a number of PML licences. The operator declined to attend a Regulatory Panel in March 2014 and surrendered the operator and PML's licences. The Commission had planned to publish details of the investigation, but this was objected to by the operator. On 15 May 2014 the Regulatory Panel met to make findings of fact. The Panel's decision was sent to the operator on 2 June 2014 and has now been published.

64. **[Exempt information under section 31 of the Freedom of Information Act]**

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67. **[Exempt information under section 31 of the Freedom of Information Act]**

Operation Charger (Sittingbourne Greyhound Track)

68. This investigation related 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. One operator's licence review is ongoing. The licence reviews in relation to the other operators concerned have been concluded.

69. A meeting was held with the Greyhound Board of Great Britain and the Bookmakers Afternoon Greyhound Service on 15 May 2014 to discuss the case and the Commission has prepared a draft public statement, setting out specific points of learning which should be of value to the wider industry.

70. **[Exempt information under section 31 of the Freedom of Information Act]**

71. **[Exempt information under section 31 of the Freedom of Information Act]**