


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. The format of my report this month covers two months and is structured around the key objectives agreed in the strategic narrative with individual workstreams grouped wherever possible. It is written (with much help from Mark as chair of BPPB) to give you an update on the progress we have made since my last report on all aspects of the Commission's workload.
2. Key events attended last month included:
 - Philip met Sue Owen, Permanent Secretary for a general catch-up
 - Philip and I met Elizabeth France, Chair and Bill Butler, CEO of the Security Industry Authority to discuss the scope for collaborative working
 - Philip, Matthew and I met Mike Hughes, Director General, ISBA and Henry Ashworth (Portman Group) to discuss what the industry and advertisers might do to promote responsible gambling
 - Philip and I met Alan Delmonte (CEO) and Paul Lee (Chair) of the Horse Race Betting Levy Board to discuss issues affecting both organisations
 - Philip spoke at the NCF Playsafe anniversary reception which Robin Dahlberg, Erica and I also attended.
 - Philip, with Matthew and I, hosted a breakfast meeting of the Chair and CEO's of the top five betting companies;
 - I joined DCMS, ABB and RGT to give MPs of the Norwegian Standing Committee in Family and Cultural Affairs an overview of British laws, regulations and practices regarding gambling and lottery;
 - I attended an ABB event presenting reports by Mark Griffiths on responsible gambling and the ABB code. and
 - Paul Morris and I attended the G4+3¹ Online Gaming Regulators biannual meeting in Berlin

Empowering consumers

Social responsibility (business plan priority)

3. The main focus of work throughout July and the early part of August was the development and finalisation of the LCCP consultation document. The consultation was published on 7 August, and closes on 31 October. Work is now underway to plan and deliver a consultation workshop that addresses the wide range of social responsibility areas and issues contained in the document – the workshop will take place over 6 and 7 October.
4. The Commission has had to lead the work on the remote self-exclusion scheme but there is now considerable support from the industry and real progress is being made. However, we face considerable challenges working out how to procure and pay for the development and running of any scheme. NCF has made significant progress on non-remote self-exclusion but there is no equivalent concerted effort across sectors, with the ABB only belatedly responding to suggestions that their phone app and debit card blocking options do not address the real issue.

¹ France, Spain, Italy, Portugal + Germany, UK, Austria

5. Our test purchasing work with local authorities continued this summer, focusing on operators who have not made their own arrangements to carry out independent testing and make the results available to the Commission. The results from 2014 so far show that in half of the tests conducted, a young person was able to play a gaming machine and leave the premises unchallenged. In those instances where no challenge was made, the local authority has required each operator to submit action plans for improving their underage gambling controls, and has also warned the operators that if they fail a further test purchase or fail to deliver improvements voluntarily then a review of their premises licence is likely to follow (as is the case in a failed re-test in East Lindsay). In response to the failures, many licensees have introduced remedial measures such as the introduction of regular third-party testing, re-positioning CCTV to afford better supervision, and introducing physical barriers to age-restricted areas or door supervision.
6. We continue to meet a range of stakeholders (including Delfi, ABB, BetFred, John White – the new BACTA CEO, trade associations, Phil Silver of BACTA) and to engage on a wide range of social responsibility issues and to share the thinking set out in the LCCP consultation document.

Consumer awareness for remote (business plan priority)

7. Information for consumers is being prepared in advance of 1 October to provide information on gambling responsibly, problem gambling signposting, how to complain about an operator, operator's terms and conditions, keeping your funds safe and the introduction of a kitemark which links an operator to our list of licensed operators.
8. The move to a blog containing FAQs (frequently asked questions) has made keeping the industry informed far more effective. It had over 8,000 visits since launch and has over 180 subscribers.

Raising standards

Licensing of remote operators (business plan priority)

Compliance and enforcement of remote operators (business plan priority)

9. Progress on remote implementation is set out separately in a briefing paper to the September Board meeting.

High impact compliance (business plan priority)

10. Desktop assessments for all 18 HIOs have been completed. Six of these have been identified as requiring early additional attention and will therefore be escalated to Complex Cases Group², where a recommendation for a Corporate Evaluation to occur in the next 12 months will be put forward for further review and sign-off.
11. All HIOs are subject to continuous programme of information refresh and monitoring, which could result in escalations if issues are identified which require earlier review. Under current plans, the aim is for all HIOs to receive a corporate evaluation over the next three years.

² We use the Complex Cases Group as the forum to clear the scope and timing of Corporate Evaluation proposals, in part to ensure full coordination with complex casework.

12. We are preparing a set of strategic communications to share with external stakeholders covering our approach to HIOs, corporate evaluation work and the proposal to require the submission of an Annual Assurance Statement.

Primary gambling activity (PGA) (business plan priority)

13. A working group has been assembled and has agreed a skeleton plan with broad timelines for delivery. A draft board paper entitled 'Gaming machines: Appropriate licensed environments' was prepared for circulation and discussion at the working group meeting on 22 August and a revised version, reflecting that discussion, will be circulated to the wider Executive Group in due course before submission to the Board's October meeting. In the meantime, the introduction to the current social responsibility LCCP consultation document has included a public indication that further policy work in relation to PGA is in hand.

Regulatory framework

14. The EC notification period for the LCCP amendments (which were published in LCCP May 2014) has now expired and since no comments were made by Member States, the amendments can be enforced. The May 2014 LCCP came into force (with some exceptions for remote gambling and to take account of the EC notification standstill period) on 4 August. Sector-specific versions of the LCCP have been prepared, made available on our website and sent to existing operators. An external advice note was also published summarising the changes which appeared in LCCP May 2014 and providing links to further advice and information on the implementation of the changes.
15. We continue to handle a number of queries from operators, applicants and industry lawyers about the LCCP amendments as operators become compliant or prepare for compliance under the Gambling (Licensing and Advertising) Act 2014.

Complaints and disputes

16. A number of other remote gambling regulators have now indicated their plans to act as ADR entities for disputes arising under the British licensees. We continue to work with other regulators and other ADR entities on common issues, including the reporting of dispute outcomes to the Commission, distinguishing between complaints which must be reported to the Commission and disputes which can be considered by ADR entities.
17. We continue to work with BIS and DCMS on the implementation of the ADR Directive. It is becoming more likely that the Commission will be given the role of competent authority for the licensed gambling sector under the Directive.

Marketing and advertising

18. The 'Marketing' section within the LCCP Social Responsibility consultation document has been further developed. It now includes proposals on: fair and open terms; the marketing of free bets and bonus offers; rewards and incentives; the proximity of marketing to social responsibility messaging on websites; and removal from marketing and account closure.

19. A meeting of GAMU³ was held on 21 August to discuss and receive updates on the four strands of the Government's gambling advertising review, which are all on track. Ministers are considering their position on the IGRG⁴/RGA⁵ review of the 'Gambling Industry Code for Socially Responsible Advertising', which was submitted at the end of June. In the meantime, DCMS and the Commission plan to meet the IGRG/RGA to maintain some pressure and momentum. Officials plan to provide an update report on the four strands to Ministers in November.
20. Progress on work to tackle illegal advertising is included in the Board paper on remote implementation.

Regulation of lotteries

21. Evaluation of the new online Lottery Information System (LIS) and of any reported breaches will take place in September to see if there is a need for further work following the changes to the system last year and the publication of advice on the distribution of lottery proceeds.
22. The compliance assessment of the People's Postcode Lottery, undertaken on 26 June as part of the drive to raise standards in the ELM sector, has been finalised. This completes all compliance assessments of existing ELMs. The results of those assessments are being analysed to identify compliance risks in the sector (due to be completed by end September).
23. Following the completion of the assessment of retail and online betting on lotteries earlier this year, an internal note is being prepared to inform colleagues of the issues arising. This is likely to result in a draft advice note to the betting sector on how betting on lottery products should be offered. Engagement with two remote betting operators (Mylotto and 121 Fundraising) is about to begin. The ASA has been given examples of the marketing of a cross-section of betting on lottery operators and has been asked for a view on whether they are compliant with advertising codes.
24. Unlawful lotteries continue to be promoted on Facebook - mainly small lotteries promoted by members of the public. This has been referred to complex cases (see Annex A) as there are similar issues within the machines sector.

³ Gambling Advertising Monitoring Unit

⁴ Industry Group for Responsible Gambling

⁵ Remote Gambling Association

Licensing and online applications

25. Our programmatic work included the following:

	OL Lifecycle (July/ Aug)	PL Lifecycle (July / Aug)
Applications received	27/51	205/185
Applications determined	23 (SSD** 74 %)/ 22 (SSD 68%)	158 (SSD 82%)/ 148 (SSD 76%)
Variations received	60/61	9/5
Variations determined	53 (SSD 89%)/ 60 (SSD 88%)	13 (SSD 92%)/ 6 (SSD 75%)
Change of corporate control received	9/6	N/A
Changes of corporate control determined	5 (SSD 100%)/ 6 (SSD 100%)	N/A
Sign-up to e-services	1098 *	4557
Payments made on line since launch of e services:	222 (Majority are Annual fees)	229

* 97% of remote operators affected by Gambling (Licensing and Advertising) Act are signed up

** SSD service standards

26. We have been in communication with trade associations and advertised through other Commission media the compulsory sign-up to eServices for all operators. BACTA has been proactive in encouraging their members with over 100 contacting the Commission to sign up.
27. All operating licences have been re-issued to take account of the recent LCCP changes, with about 85% of these being issued electronically.
28. The contact centre received 2,541 enquiries, of which 100% were resolved within target timescales. Of these the main areas of interest were queries over licensing applications and PL maintenance; information requirements for existing licence holders and complaints and disputes about operators licensed either by the Commission or overseas regulators.
29. Results of the July customer survey gave an overall customer satisfaction of 91% from 32 responses in total.

30. At the beginning of August the list of values for the recording of service requests were updated. This has made it easier for the Commission to identify any trends from enquiries relating to complaints/disputes and social responsibility issues.
31. At the beginning of August, the contact centre was given access to functionality to accept credit card payments directly instead of passing them to finance, resulting in better customer service, as there is no delay in taking payments and any declined payments can be resolved immediately. To date, the contact centre has taken over 200 such payments.

Compliance

32. Planned compliance activity covering non-HIO operators progressed over the period as follows:
 - Assessment activities are planned and reported on a quarterly cycle. 536 assessments are planned for completion by 30 September. As at 1 September:
 - 375 were completed;
 - 98 had been planned ready for a site visit;
 - 63 remained to be progressed.
 - In this period 1,292 lottery submissions were received, none of which indicated non-compliance with minimum returns to good causes. In addition, 139 regulatory returns were received on time out of the 142 due. Penalties were issued to the three licensed operators that had failed to make their returns.
 - We are making efficiency improvements to operational and administrative activities, in particular across remote website reviews, games testing and security audits.
33. Reactive compliance activity covering non complex cases was as follows:
 - Eleven new Section 116 reviews were allocated for investigation;
 - Twenty reviews were closed with the following outcomes:
 - No further action – 7
 - Advice to Conduct – 5
 - Warning – 2
 - Condition placed on licence – 1
 - Revocation – 4⁶
 - Voluntary Settlement – 1

Complex cases and enhanced compliance

34. All four newly recruited case managers are now in post and are going through their induction training which includes 'hands on' exposure to complex cases under supervision. We have been communicating workstream activity more widely across the organisation and embedding the case/issue handling plan, which will help to further streamline the processes in place.

⁶ All revocations were Personal Functional Licences. One licence holder was convicted of theft. The other three failed to complete the personal licence maintenance process, so we could not continue to be satisfied as to their suitability to hold a licence.

35. We have also been planning and developing wider awareness training with Commissioners to demonstrate and articulate the benefits of our enhanced compliance approach. This will help align regulatory panel decisions with Commission's approach to regulation and our complex case management outcomes.
36. Details of individual complex cases are attached at Annex A.

Betting integrity

37. The SBIU has engaged with HIO workstream to ensure work is coordinated across the sports betting integrity and HIO work areas, and has agreed how activity with operators will be synchronised with assessment activity on betting integrity which is provisionally planned for Autumn 2014/early 2015. The unit also plans to work with 'new' operators to ensure clarity around licence condition 15.1 and promote collaborative working with integrity teams through visits and interactive workshops.
38. The Commission is engaging with DCMS on the Council of Europe (CoE) Convention as it is to be presented to states' ministers for signing in September 2014. It is unlikely that the UK will sign until the EU has considered the Convention.
39. A launch event to raise the profile and work of the Tripartite Forum is planned for October/November. The Minister for Sport has been approached to open or close the event and the Chairs of the All Parliamentary Committees for Sport, Gambling and Football will be invited to attend.
40. Senior representatives of Europol visited the Commission on 10 September to discuss strengthening information exchange arrangements. The Director General of the National Crime Agency will attend Victoria Square House on 12 September to discuss intelligence and operational coordination.

Anti-money laundering

41. The AML WS continues to make progress against the objectives set out in the workstream's two year plan agreed in May 2014, as set out below:
42. Within the '**Influence & Learn**' strand of activity:
 - a Collection Plan has been prepared. This sets out a range of work to enable the preparation of the second and third iterations of the AML Risk Assessment (first published in April 2014). A Senior Officer has been appointed to lead this activity, working closely with HM Treasury, the National Crime Agency and wider law enforcement partners as well as Commission colleagues.
 - a Stakeholder Engagement Plan has been prepared. This identifies key AML messages and, where appropriate, the Commission position on AML issues. Having mapped the relevant entities, the document then sets out individual engagement plans for each of the prioritised stakeholders, together with a more generic plan for the remainder - towards the overall goal of enabling the Commission to meet the three key AML challenges ie legal, cultural and technological.

43. Within the '**Apply**' strand of activity:
- an AML Training Plan has been prepared and agreed within the Commission. This identifies three level of required training – generic, enhanced and specialist for AML 'Champions';
 - we continued to work with external counsel to clarify AML requirements for remote operators. A draft advice note has been prepared that sets out overseas operator requirements in the context of the Proceeds of Crime Act and Money Laundering Regulations (specifically, suspicious activity reporting and appropriate consent);
 - an AML Policy Plan is now complete. This sets out the approach and rationale to the development and publication of AML policy.
44. Within the '**Assure**' strand of activity, the Licensing Team has updated its AML policy and clarified related processes.

Criminal enforcement activity

45. **[Exempt information under section 31 of the Freedom of information Act]**
46. Operational Guidance Notes (OGNs) in respect of remote, regulatory and criminal investigations are now at draft stage.

Monitor regulatory performance

47. New advice has been developed and published for all colleagues explaining the assessment matrix, its use, functionality and access details.
48. The objectives and the sub-objectives of the strategic narrative have been aligned with the outcomes and levers of the strategic performance framework and the next steps are being developed. Following agreement of the National Lottery strategic narrative, new performance measures are being developed.

Building partnerships and understanding

Passage of the Gambling (Licensing and Advertising) Act 2014 (business plan priority)

49. Progress on remote implementation is set out separately in a briefing paper to the September Board meeting and the state of play on the JR application will be covered orally at the Board meeting. Dealing with it continues to absorb considerable senior and external legal resources.

Providing advice (business plan priority)

50. The key activity during the period relates to support for the DCMS lottery market convergence review. We have prepared draft advice for DCMS, discussed it with them and updated our report accordingly. DCMS is now content with the advice and has asked for both a final version and a version that can be used publicly to support its proposed discursive consultation. This consultation will be broader in scope - across the whole lottery market - compared to the original intention to only consult on aspects

of society lotteries. We have been engaging with DCMS to understand better likely timings.

51. During the period the CMS committee has also launched a narrower inquiry into the lottery market. Submissions for this inquiry close on 6 October. While the DCMS consultation is likely to launch after this, we have been discussing with DCMS working together on the requirements for both exercises.
52. The workstream has also responded to a wide range of Parliamentary Questions. Details are contained in Annex C.

Embedding evidence-led culture (business plan priority)

53. Elements of our plans for delivery of an evidence-led culture are being refreshed and formalised as part of work on our information management strategy, and include wider activities around how we manage our corporate memory. Specific activities are now included in the milestone plan.
54. Data is being migrated to a new M drive structure aligned around programmes and workstreams. Areas migrated so far include Evidence and Analysis, Support Services, Facilities, Library and Business Strategy and Information Management.
55. An external audit of data quality, in particular regulatory returns and its link with the Industry Statistics workstream, has been undertaken by Mazars. We are currently awaiting the draft report.

Gathering and sharing evidence (business plan priority)

56. The upgrading of the Intelligence IT system is making progress. New hardware for the upgrade has been delivered. A 'test' version of the new system has been installed and we are currently undergoing testing to identify potential bugs and process issues and also to identify training issues for users across the Commission. A 'weeding process' of the existing intelligence system is well underway in preparation for data migration.
57. We have continued to provide documents and analytical products to support other workstreams. **[Exempt information under section 31 of the Freedom of information Act].**
58. We have promoted internal awareness of intelligence capabilities by conducting induction presentations and Memex training to new recruits, compliance and licensing staff. We are drafting a new memorandum of understanding with Phone Pay Plus.
59. Stakeholder engagement has continued with meetings with the National Crime Agency, UK Anti Doping Agency, Metropolitan Police, UK Football Policing Unit, the FA and the Network of European Regulators. We have attended the executive meeting of the Government Agency Intelligence Network (GAIN) and have met the GAIN Eastern region coordinator to maximise benefits.

Gathering information

60. We have been reviewing the format and production of comprehensive sector assessments (CSAs) with all CSA authors. We have identified a new process and structure for CSAs which will make them more user-friendly, and we are now in the process of finalising a draft structure and timetable for implementation of the new approach.
61. There has been a commitment from all sector leads that the CSAs will be refreshed by late October to feed into the business planning review in early November.

Gambling statistics

62. The main areas of work for the period were:
 - publication of the in-depth analysis of the Health Survey for England and Scottish Health Survey combined results on 10 July;
 - publication of the omnibus participation report as planned on 31 July;
 - work on the Licensing Authority statistics, which will be published on 15 September as planned; and
 - preparations to publish the next quarterly participation results on 30 October, which is on track.
63. The Scottish Government will publish the Scottish Health Survey results, including tables on gambling participation and rates of problem gambling, on 30 September. Following a competitive tender process we are in the final stages of selecting a preferred bidder for the stand-alone participation survey.

Social gaming

64. We have continued to work with two leading providers of social games and have obtained more detailed player data. We have also begun to map evidence sources against the types of risks we may be concerned about. We met HMRC to discuss definition of 'gambling' and issues surrounding social games to assist them in defining the scope of a tax exemption for games developers and the issue was discussed at RGSB Board in July.

RGSB

65. The RGSB met on 23 July and discussed debt, social gaming and measuring harm. The position paper on young people and advice to the Commission on self-exclusion were published in July.
66. The Responsible Gambling Trust had its Board meeting on 10 July. This was a closed meeting at which they discussed their strategy. This is to be discussed again on 11 September. Matthew Hill and Ruth Callaghan will be attending.
67. The Trust's Treatment Panel (with RGSB representation) met on 8 July and 27 August. It is making progress on publishing and implementing a common data reporting

framework for treatment providers and setting a strategy for engaging with Public Health England and local level public health commissioners.

68. The appendix to the Statement of Intent has been added to the RGSB, Commission and Trust's websites. Papers on making the common engine room have been shared and a project board has been established, which will meet for the first time on 17 September. At this meeting, next steps on young people, debt and public health will be discussed and a programme of jointly run seminars to stimulate debate and engage a wider range of stakeholders will be set up.

Work with LAs and other regulators

69. Over 60 LA officers from London and South East attended a sharing good practice session on dealing with illegal poker, including a presentation from LB Enfield on their proceeds of crime prosecution.
70. More successful enhanced meetings with priority LAs took place, including Birmingham, LB Southwark, Bristol, Sheffield and Great Yarmouth.
71. All 380 LAs submitted their annual returns - 100% for the first time. The analysis will be published on September 17.
72. Very positive feedback was received following the 17 machines training sessions delivered by Westminster City Council with support from Compliance Managers – over 200 LA officers attended the events.
73. We have appointed a part-time officer to work in Scotland from mid-September, focusing on building relationships with local authorities and central government and embedding the Advice Note.
74. A revised version of the combined codes was published to take account of the LCCP May 2014 amendments.

Innovation and gaming machines

75. Innovation remains an ongoing issue within the gaming machine workstream, with a series of machines innovations or technical issues raising possible compliance issues. These issues are being dealt with by a range of means: through complex cases, industry meetings, engagement with individual operators. A manufacturers and suppliers sector meeting took place on 8 July. More details are provided at Annex B.
76. The lack of leadership among industry representatives is proving difficult, with many operators contacting us directly where they would normally go through a trade association. John White has now taken up his position of CEO of BACTA and we are hopeful, based on initial meetings, that he will help alleviate the lack of industry leadership.

Publications and external communications

77. Details of our publications and external communications activity is given at Annex C.

National Lottery

78. Key activity, in addition to normal programmatic work on Compliance, Licensing, Vetting, Consumer Protection and Enforcement, focused during the period since the last report on the following:

- The jackpot enforcement case: Preparing for Board following Camelot representations, with resulting publication of the decision and subsequent communication with Camelot, following comments it made when noting it would not appeal.
- **[Exempt information under section 43 of the Freedom of information Act]**
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- Camelot's new interactive platform (Project Spark), which went live on 1 September. The team concluded that there was no reason why the GC should prevent go-live (effectively reviewing test process and results). As of 3 September no critical issues had materialised.
- **[Exempt information under section 43 of the Freedom of information Act]**
- Liaison meetings held with Camelot and DCMS; DCMS in particular covering issues around distributor engagement, the 'society lottery consultation' and gambling advertising reviews.

79. A copy of the Director's Report to the National Lottery Committee for September is attached at Annex D.

Enabling activities

Fees development (business plan priority)

80. The Commission has not had a major review of fees since it was set up in 2007. The need for such a review was flagged up in the fees consultation in 2012. In view of the delay both in the remote gambling legislation and in the likely timing of the Commission's 'three-yearly' review, we have agreed with DCMS to aim for any major changes in fees to be implemented on April or October 2017 common commencement dates. The first stage in the fees review process will be to issue an informal "Green Paper" early in 2015 to outline basic principles and discuss key issues. It is intended to appoint consultants to assist with the development of this initial work, and a consultancy business case has been submitted to DCMS.

HR policies, guidance and consultations (business plan priority)

81. Policies relating to conduct and discipline and flexible working have been developed and have been circulated to SMT for comment following feedback received from

ACAS. The drafts are currently being refined in the light of comments received. The Grievance and appeals policy has been drafted and submitted to ACAS for feedback.

82. The planning of the November 2014 staff conference is in hand and a steering group has been set up to coordinate work on this.
83. Revised Development Manager and Supply Manager arrangements have been developed and are currently being considered for roll-out.
84. The year-end performance management reviews (PMRs) for all staff are taking place and should be concluded by the end of October, in accordance with the PMR timetable.
85. A meeting of the Joint Negotiating Committee was held on 5 August 2014.

HR support to management

86. Recruitment activity continues. Since 1 July, 17 employees commenced new roles (12 external – 5 internal). This includes two Programme Directors (one commenced 3 August and one commenced 1 September). The process for recruitment of the new Chief Executive commenced in the period.
87. Preparatory work for the introduction of new pension regulations in April 2015 continues. A data cleanse exercise has been completed successfully, the self assessment was submitted on time, information was circulated to staff on the intranet and also, where appropriate, individually. Finally, a pensions project group has been established.
88. The management of casework (covering disciplinary, absence management, performance management and grievance issues) continues. There are currently two complex cases and eight involved cases being dealt with.
89. The performance management review and pay uplift for staff on NL terms and conditions has been completed.
90. Interviews for the new HR Manager roles have been held. The new appointee to one of the two posts is to commence on 14 October 2014.

Business planning

91. Progress with the development of the strategic narrative is reported elsewhere on this month's agenda.
92. Arrangements for the review of the business plan and consequential updating for 2015/16 have been reviewed and discussed at BPPB and Executive Group. The arrangements have been signed off and the process will commence during October.
93. Progress with workstreams continues to be closely monitored at BPPB and reported to Executive Group. A review of programme management arrangements has been undertaken internally and is being progressed. It proposes:

- a fuller review of workstream management structures and disciplines
- a full refresh of workstreams and
- improvements to programme management and resourcing.

Finance

94. Activity during the period has focused on the following significant areas:

- Annual fee demands have been issued in respect of the peak licence fee collection period. Income collection is in line with expectations, and no significant surrenders or revocations have been observed to date,
- Analysis of effort by workstream is continuing to establish industry specific cost drivers. Outputs from this body of work will support the fees development workstream.
- In conjunction with CIPFA, a review of the effectiveness of the Commission's financial management has been undertaken with findings to be reported to the Executive this month.
- Online payment functionality is now in place for licence holders and the contact centre can now process debit and credit card payments directly

Accommodation management

95. The main areas of activity in the month were as follows:

- We are working with the Government Property Unit (GPU) to prepare the business case and will submit this formally in November for a GPU decision in December. GPU have agreed to work to a slightly earlier than normal time-line to ensure that, if the decision is to move, there is sufficient time to plan and implement the move without impacting on the day to day business of the Commission.
- Data recovery site move - Clara net (our communications third party supplier) has completed a site survey. We are now waiting on an installation date.
- Additional workstations have been installed to allow for recent and planned recruitment. The landlord has completed work to the air handling units.

IT infrastructure management

96. The main areas of activity in the month were as follows:

- Work from the in-depth penetration testing of our external facing firewalls and all externally accessible services was completed and work has begun to resolve the reported vulnerabilities;
- 5i (our network third party supplier) have met with Camelot and the IT team to gather requirements and we are awaiting the solution options;
- Memex (Intel system) upgrade work is in user acceptance testing; and
- We completed the submission of required information to the Home Office for the re-accreditation of our PNN connection (the connection which provides secure access to information for the Intelligence unit).

Internal communications

97. The online internal communications survey closed on 20 June. 79 employees (31%) completed the survey. Overall, 84% of respondents said they feel informed and 93% that they know where to find out about what is going on. Many other comments are very positive. Areas for action are as follows:
- The employee conference working group is to be supported in creating clear and frequent communications in the run up to the next conference in November and after that through to the following conference in spring 2015 and beyond.
 - Email is the most popular communication tool, yet employees feel they get too many emails. We can improve on employees' email writing skills in an exercise/workshop at the next employee conference on writing effective emails. If we can improve the quality of that first email then we probably wouldn't need to send so many.
 - Volunteers will be requested for focus groups to look at additional information for the employee directory on Hive. Ideas will be collated and practical implications examined and fed into the intranet development phase 2 project workstream.
 - A quarter of employees who took the survey said they would not use the comment facility on Hive because their comment would not be anonymous or because they were fearful that they might 'look stupid' or 'get told off'.

E-communications

98. Support is being given to RGSB to develop their digital channels with an emphasis on the potential to use LinkedIn discussion groups.
99. Work is progressing well to update web pages and documents in light of the Gambling (Licensing & Advertising) Act 2014.
100. We are exploring ways to tackle illegal lotteries and the sale of illegal machines on Facebook.
101. Migration of the Commission's website to a new content management system (Contensis) continues. Work focuses on:
- ensuring that the structure of the website on the new platform is correct
 - ensuring that the look and feel is consistent with the previous platform
 - ensuring that functionality is working correctly and is consistent with the previous platform
 - development of a mega-menu to improve navigation and
 - maintaining routine updates to content to ensure it is accurate, up-to-date and consistent across the site.
102. We are researching requirements to optimise the website for mobile devices. This has involved online research, engagement with third party suppliers to see what is possible, and the development of a user group on LinkedIn to ascertain users' needs in this area.

Annex A - Complex Cases

GBGA Judicial Review

1. On 13 August the Commission and DCMS were served with a claim form for judicial review from the GBGA. The claim seeks to challenge the legality of certain sections of the Gambling (Licensing and Advertising) Act 2014 and some guidance and policy statements adopted by the Commission. The GBGA contends that the Act and guidance do not comply with Article 56 of the Treaty on the Functioning of the European Union (“TFEU”). The claim also includes a challenge to the rationality of the Commission’s approach.
2. DCMS and the Commission served summary grounds of resistance on 26 August. Both DCMS and the Commission contend that Article 56 TFEU is not engaged as the GBGA has no directly effective rights under Article 56 and Gibraltar is not a separate Member State for the purposes of EU law. Moreover, even if this were not the case, we also argue that the GBGA has no prospect of establishing that Parliament exceeded its wide margin of discretion in concluding that all those who offer remote gambling services to British consumers should be regulated by the Commission.
3. Subsequently an acknowledgement of service and witness statement was served by the Gibraltar Gambling Commissioner and submissions were served by the Gibraltar government. The GBGA then served a reply to DCMS and the Commission’s grounds of resistance on 2 September 2014.
4. Whilst the claimant sought expedition of its claim it appears that the case has not yet been allocated to a judge for a decision on permission.
5. In the meantime preparation for implementation of the legislation continues. The most recent step being the signing of the Commencement Order on 10 September.
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 31 of the Freedom of information Act]**
9. **[Exempt information under section 31 of the Freedom of information Act]**
10. **[Exempt information under section 31 of the Freedom of information Act]**

Operation Charger (Sittingbourne Greyhound Track)

11. The Commission has now concluded several related licence reviews, which were commenced following suspicious betting patterns on two races at Sittingbourne in December.
12. As part of wider industry learning we issued a press release about the case. Following that release the Commission received a letter from solicitors acting for one of the operators, Cearnsport, complaining about the impact the release would have on the operator’s reputation and financial stability. In further correspondence, we advised the

operator to pursue any issues with the Greyhound Board of Great Britain and we have heard nothing further since that letter was sent.

13. **[Exempt information under section 31 of the Freedom of information Act]**
14. **[Exempt information under section 31 of the Freedom of information Act]**
15. **[Exempt information under section 30 of the Freedom of information Act]**
16. **[Exempt information under section 31 of the Freedom of information Act]**
17. **[Exempt information under section 31 of the Freedom of information Act]**
18. **[Exempt information under section 30 of the Freedom of information Act]**
19. **[Exempt information under section 31 of the Freedom of information Act]**

Annex B – Gaming Machines/Innovation Issues – August

Current gaming machines/innovation issues include the following:

[Exempt information under section 43 of the Freedom of information Act]

- Potentially non-compliant Category C machines (500 units) have been withdrawn following intervention.
- Roulette variant issue – the industry has developed roulette games that can breach maximum stake requirements by treating multiple spins of a roulette wheel as one ‘game’. We have secured agreement that the 8,000 units in the market will be withdrawn by the end of November. The bulk of units have already been withdrawn.

[Exempt information under section 43 of the Freedom of information Act]

[Exempt information under section 31 of the Freedom of information Act]

[Exempt information under section 31 of the Freedom of information Act]

Annex C – Communications Report

1. Media

A total of 34 media calls were handled, with 20% concerning remote queries and 14% about gaming machines.

The Commission was mentioned in the media 89 times.

- Positive coverage included:
 - Rugby League player Rob Worrincy suspension for breaching rules on betting was increased from 6 months to 9 months following his unsuccessful appeal. The original evidence came from the Commission's Sports Betting Intelligence Unit.
 - Operators being able to apply online for a non-remote licence and make amendments to existing non-remote licences via our website.
 - A large amount of trade coverage following the test purchase operation carried out at Ascot in which all 20 on-course bookmakers approached served a 16-year-old without asking for proof of age. Some reader's letters described the Commission as being underhand for using a 16-year-old girl. However the message got across that the industry must do better or operators are likely to find themselves facing formal sanctions.
- Neutral coverage included:
 - Numerous stories using the Commission's industry stats document for various gambling sector related stories.
 - Online media picking up on the Commission fining Camelot £100,000 for breaching its licence. This followed an initial miscalculation and subsequent publication of an incorrect Lotto jackpot prize. Surprisingly only a small diary piece in the Sunday Times has covered the story in the printed press so far.
- Negative coverage included
 - The Gibraltar Betting and Gaming Association filing a legal challenge against the Gambling (Licensing and Advertising) Act.
 - A Lotto draw comprising numbers below 31 attracted criticism after those matching four numbers got less than ticketholders matching three numbers. Players reacted angrily and many criticised Camelot about its paltry payout of £15 for four numbers.

2. Website

During July the website had 50,278 user sessions, representing a 13% increase on the average last year (44,493 visits – 2013).

During August the website had 61,705 user sessions, representing a 38.7% increase on the average last year (44,493 visits – 2013).

On average, visitors spent 3mins 16secs on the site and looked at three pages per visit. Feedback showed that 45% of visitors gave positive feedback on the pages they commented on, 11% gave neutral feedback and 44% were unhappy. (From 286 respondents)

3. Social media

Of the 682 mentions of Gambling Commission in July and August, 17% were positive (showed us in a good light or reinforced our messages), 4% were negative and 79% were neutral.

Positive sentiment (17%) in July and August can be attributed to the following:

- News stories on the Commission joining forces with Crimestoppers to stamp out match fixing and illegal betting in British sport
- News stories on the Commission's consultation on social responsibility

Negative sentiment (4%) for the same period can be attributed to the following:

- The statement made by the Commission following the suspension of transactions by Canbet
- Test purchases in regards to underage gambling and on-course betting at Royal Ascot

In July and August, 318 visits to our website came from Twitter, representing a 521% increase on the same period last year. We increased our follower numbers from 1022 to 1199 – an increase of 17%.

On LinkedIn we increased our company page followers from 950 to 1014 – a rise of 6.7%.

4. Publications

- [What is gambling software?](#)
- [Gambling behaviour in England and Scotland](#)
- [LCCP summary of changes in consolidated LCCP May 2014](#)
- Also [four e-bulletins](#) and one [licensing authority bulletin](#) were published.

5. Press releases

- [Further analysis of the Health Survey for England 2012 and Scottish Health Survey 2012](#)
- [Annual reports published](#)
- [Online application service extended to non-remote operators](#)
- [DCMS consultation on incidental non-commercial, private society, work and residents' lotteries](#)
- [Licensing deadline fast approaching for offshore gambling operators wishing to continue to provide gambling to consumers](#)
- [Gambling Commission joins forces with Crimestoppers](#)
- [Gambling Commission seeks views on proposed new social responsibility controls](#)
- [Reducing risk to the licensing objectives – use of information by traders in the betting industry](#)
- [Four weeks left to apply for continuation rights](#)
- [Gambling Commission imposes penalty on Camelot](#)
- [Councils share good practice on illegal poker clubs](#)
- [Interim suspension of operating licence - Silverline Interactiv Technologies Plc trading as Pokercent](#)

6. Parliamentary questions

There were eight written parliamentary questions of direct relevance to the Commission over this period.

To ask the Secretary of State for Culture, Media and Sport whether his Department's proposed consultation on society lotteries, which was first announced in December 2012, will consider ways to help the sector maximise returns to good causes

Decisions on what elements will be considered in the consultation on society lotteries have yet to be taken. We have commissioned advice from the Gambling Commission which will inform us of the scope and content of the consultation.

To ask the Secretary of State for Culture, Media and Sport what information his Department holds on how much society lotteries have generated for good causes in each of the last six years.

Information about how much society lotteries generate for good causes is collected by the Gambling Commission. The most up to date information can be found in the Gambling Commission's industry statistics.

To ask the Secretary of State for Culture, Media and Sport if he will estimate how much money will be raised from society lotteries in (a) Brighton, Kemptown and (b) Brighton and Hove in the next 12 months; and if he will make a statement.

Society Lotteries are entirely independent of Government (unlike the National Lottery) so detailed figures on society lottery income and distribution are not collected by Government. The Gambling Commission publish data about society lotteries but this is not broken down geographically.

To ask Her Majesty's Government what assessment they have made of the potential impact and application of a place of consumption tax on the online gambling market, and the ability of the Gambling Commission to meet its commitments on removing crime from that sector; and whether they will publish any such assessments.

The assessment of the impact of the reforms to remote gambling taxation is available in the relevant Tax Information and Impact Note published at Autumn Statement 2013, available on the Government's website. The Gambling Commission has a statutory duty to promote three licensing objectives, the first of which is: preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime. The Government is confident that the Gambling Commission has the tools it needs to fulfil this duty.

To ask Her Majesty's Government what work they have undertaken to quantify the costs of following the regulatory process for businesses applying for a United Kingdom gambling licence; and what assessment they have made of its impact on the competitiveness of new entrants to the online gambling sector.

To ask Her Majesty's Government whether they have undertaken any work to quantify the impact that the cost of regulatory compliance would have on the ability of licensed gambling operators to compete against unlicensed operators in the United Kingdom market.

To ask Her Majesty's Government what work they have undertaken to ensure that the burden on companies applying for a gambling licence is minimised in line with their priorities to reduce red tape; and whether they considered the ability of such companies to compete against unlicensed operators in any such work.

The Gambling Commission is responsible for ensuring that the costs of applying for a Commission licence, and the regulatory burden of complying with it, are the minimum necessary to ensure compatibility with the licensing objectives. The Commission keeps its licensing arrangements and licence conditions and codes (LCCP) under review. Recently it consulted on improved licensing processes for moving to an online licence application process, and introducing a multi-jurisdictional form to reduce the costs for applicants applying for licences in more than one jurisdiction. In advance of the Gambling (Licensing and Advertising) Act 2014 coming into force on 1 October, the Commission has been working with operators and overseas regulators to avoid duplication and undue regulatory burden wherever possible – for example, minimising the need for operators to duplicate material or assurances that can be obtained from an operator's host nation regulator. These consultations have enabled the Commission to take into account the impact on the relative attractiveness of operating legally in a regulated market compared to the risks of operating illegally.

To ask Her Majesty's Government what is the estimated average number of licence applications that a single operator of a sports book, online casino, poker room or gambling software provider would need to submit in order to comply fully with Gambling Commission licensing requirements.

Gambling operators can make one application to the Gambling Commission for multiple activities.