

Report from the Chief Executive

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

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Chief Executive

Date: 28 November 2014

Introduction

1. This report this month is intended to cover all aspects of the Commission's workload, to give an overview of how we have deployed our resources since the last report in delivery of the business plan. The report is structured around the key objectives agreed in the strategic narrative with individual workstreams grouped wherever possible. Workstreams that were identified as priorities in the published business plan have, however, been reported individually.

Key issues

1. The key issues on my mind at the moment are:

Internally

- The continuing difficulties in maintaining and developing our HR function and services; **[Exempt information under section 40 of the Freedom of Information Act]** and associated with that managing the uncertainties associated with considerable recruitment and prospective changes at Commissioner and staff levels. There are analogous immediate issues with an almost entirely new team at DCMS in prospect; and
- The growing volume of case work with continuing quality and speed of response concerns.

Externally

- The forthcoming machines research findings publication and interplay with the Campaign for Fairer Gambling etc lobbying and election position taking;
- The development of lottery policy with the DCMS and Culture committee separate enquiries;
- The development of the various representative and similar bodies (Senet, ICRG, changes in RGSB board, RGT); and
- Ensuring the LCCP and associated review processes achieves the changes in player protection (ie the combination of right content/decisions and effective implementation).

Events

2. The key events attended last month included:
 - Rachel Lampard and I attended a DCMS Chairs and CEO meeting with the Secretary of State and ministers
 - Philip attended the RET Chairs' meeting in London
 - Philip and I met Sir Chris Kelly to discuss RGSB board appointments
 - Philip and I, with others from the Commission attended the RGA AGM in London where Alistair Quigley also presented on the national online self-exclusion scheme

- Philip spoke at the BACTA Annual Convention. Philip also attended the BACTA/Rays of Sunshine fundraising event in London
- Nick Tofiluk and I attended the IAGA Conference in Philadelphia, both of us taking part in panels and side meetings. (a separate note will be circulated) where Nick took over from me as an elected Trustee
- Philip and I met Jason Frost, Chair, and John White, CEO, of BACTA for the annual liaison discussion
- I attended the International Masters of Gaming Law (IMGL) Masterclass at the KPMG eGaming Summit in the Isle of Man. The panel I joined was titled 'Cross-border cooperation by regulators'. Whilst in Isle of Man, I also managed to fit in a visit to Pokerstars, where we discussed poker liquidity, game integrity and cheating, security and chargebacks, and location of players
- I attended a breakfast seminar in London on payment systems for i-Gaming – present and future
- I met Ben Robinson, Go Coin, and Melissa Blau, Director of Igaming Capital, to discuss bitcoin payments
- Philip, Mary Chapman, Robert Foster, Mark Harris and Ben Haden attended the National Lottery 20th Anniversary reception in London
- Ben Haden and I attended a regular Chief Executive meeting with Camelot and I had a one to one straight after with Andy Duncan, CEO
- Philip attended the Sports Betting Integrity Forum hosted by the Commission.

Empowering consumers

Social responsibility (Business plan priority)

3. November has been occupied almost entirely by work relating to the review of the social responsibility provisions within the LCCP. Please see '*Social responsibility provisions in the LCCP review: recommendations for responses document*' [**GCP(14)76**] on the Board agenda for this meeting.
4. Professor Howard Shaffer - Associate Professor, Harvard Medical School, Director, Division on Addiction, The Cambridge Health Alliance - who is leading research on examining gaming behaviour in sports betting, casino, poker and other online games using Bwinparty data, presented an overview of the whole project with a focus on the most recent findings and their practical application in player protection.

Marketing and advertising

5. We attended a meeting of the Gambling Advertising Monitoring Unit (GAMU) on 27 October to discuss and receive updates on the four-strand advertising review. The ASA report, published on 30 October, suggests that its approach to enforcing the advertising rules is broadly in the right place. The Committees of Advertising Practice and the Remote Gambling Association are due to publish their respective reports by the end of November.

6. The Commission's contribution to the review has involved a review of the 'Marketing' section of LCCP, with a focus on free bets and bonus offers. We are currently reviewing over 400 responses, which have been helpful and constructive. We have provided Ministers with a headline summary of the responses (and our likely final position) which will help inform their formal response to the advertising review.
7. During the final week of October we circulated a final reminder to carriers of advertising (including trade bodies, ISPs, social media platforms and search engines) of the changes being introduced by the Gambling (Licensing and Advertising) Act 2014.
8. We had a productive meeting with the Federation Against Copyright Theft (FACT) and the City of London Police's Intellectual Property Crime Unit (PIPCU) on their approach to disrupting and preventing websites from providing unauthorised access to copyright content. It was agreed to develop a memorandum of understanding with FACT, which will allow for the receipt of gambling-related data and access to their Infringing Website List.
9. We have established contact with the Information Commissioner's Office (ICO) who we believe will become a key stakeholder in the development of our approach to a range of issues including electronic direct marketing, marketing opt outs, and affiliate marketing.

Complaints and disputes

10. The Government has published its response to the consultation on the implementation of the Directive on Alternative Dispute Resolution (ADR). As expected, the response confirms that the Government intends to introduce legislation to ensure that the Gambling Commission will act as the competent authority to approve ADR entities for the gambling sector. We have advised the Government on the scope of this competent authority role, which is likely to encompass oversight of ADR entities handling disputes relating to gambling transactions with traders licensed by the Gambling Commission or making gaming machines available under the Gambling Act 2005.
11. We will now enter into a period of planning for taking on the role of competent authority for implementation of the Directive by July 2015 and supporting and encouraging the industry and ADR entities in their preparations for the implementation of the ADR Directive.

Raising standards

Licensing of remote operators (Business plan priority)

12. The main areas we focused on during the period were:
 - **[Exempt information under section 43 of the Freedom of Information Act]**
 - Issuing 176 continuation licences along with first annual fee invoices (for payment by 30 November) on 29 October. As at 20 November, 53 of those issued with a continuation licence (30%) had paid their annual fee and reminders were issued to the remainder.
 - Processing applications to final determination, aiming to make final determination of a significant amount of applications by the end of December. We have

addressed issues around the location of key equipment for two major B2B platform providers **[Exempt information under section 43 of the Freedom of Information Act]** who have equipment in the Philippines and Kanawake. We received assurances that the Commission will have access to data on demand should it be required. We continue to work on issues surrounding other jurisdictions that operators market to.

- Identifying software suppliers who do not hold a licence with the Commission and have not yet applied for a licence but will require such a licence should they wish to continue to supply to Commission licensed operators post 31 March 2015. Around 30 such suppliers were identified and we contacted these on 21 November to remind them of the requirement to obtain a licence by 31 March 2015.
- We have received one new remote application (casino) in the period from a Curacao based operator.

Compliance and enforcement of remote operators (Business plan priority)

13. Following the issue of the continuation licences, we checked that those operators who were required to display their licence status and the link to the Commission's public register were complying with LCCP. Of the 134 checked, two remain a concern. Both have been advised they are in breach of their licence and have been advised to comply within seven days or we will consider regulatory action.
14. The Commission has received information concerning two businesses that may be advertising unlawfully and we are investigating those cases.

High impact compliance (Business plan priority)

15. Complex Cases Group approved a forward plan for undertaking corporate evaluations of nine HIOs over the next nine months, based on a prioritisation process drawing upon completed in-desk assessments for all HIOs.
16. **[Exempt information under section 31 of the Freedom of Information Act]**
17. **[Exempt information under section 22 of the Freedom of Information Act]**

Regulatory framework

18. In early November, we published an advice note to operators on implementing licence conditions relating to the protection of customer funds. Consequently, we are handling additional enquiries from operators as they prepare for the next stages of implementation. There has been a small amount of gambling sector media interest in the introduction of the ratings system for disclosure to customers about the level of protection that customer funds will receive in the event of the operator's insolvency.
19. Matthew Hill, colleagues and I met Barry Hardy, Chair IGRG, and Tracey Damestani, CEO the National Casino Forum to discuss their evolving role and work programme. Matthew and I also met Catherine Colloms and Sarah Healy of Paddy Power for a briefing on their responsible gambling programme.

Regulation of lotteries

20. We have started to evaluate the new online Lottery Information System (LIS) and any reported breaches to see if there is a need for further work following the changes to the system last year and published advice on the distribution of lottery proceeds.
21. We are analysing the results of ELM assessments to identify compliance risks in the sector. The results (due to be completed by mid December) will determine whether further advice or other work is necessary in the sector.
22. We are preparing an internal briefing note on issues arising from our assessment of retail and online betting on lotteries which will be circulated in December. This is likely to include a draft advice note to the betting sector on how to offer betting on lottery products. We have engaged with two remote betting operators **[Exempt information under section 43 of the Freedom of Information Act]** who have now both replied; **[Exempt information under section 43 of the Freedom of Information Act]** intend to make wide ranging changes to their website to make it clear that their product involves betting on lotteries, further engagement will be necessary with **[Exempt information under section 43 of the Freedom of Information Act]**. We passed examples of marketing to the ASA to see if there are issues for them relating to CAP and BCAP and following a meeting with them on the 17 October the Commission have been invited to present the issues to the ASA's General Media Panel on the 27 November.
23. Members of the Lottery Sector team attended regional meetings of the Lotteries Council in Glasgow, Liverpool and London. The final meeting was in Wolverhampton on 26 November. The team presented on the new LCCP and the LCCP SR proposals.
24. DCMS has published a responses document and impact assessment related to the deregulation of certain classes of exempt lotteries. DCMS will seek to implement the changes through a Legislative Reform Order and they hope to lay this before the two scrutiny committees of Parliament during November. The sector team provided comments on the briefing document.
25. DLA Piper solicitors held a 'pro bono' event for national charities at their offices in London on the 24 November where **[Exempt information under section 40 of the Freedom of Information Act]** presented to the event on the Commission's approach to regulating society lotteries.

Licensing and on-line applications

26. Our programmatic work included the following:

	OL Lifecycle (Oct)	PL Lifecycle (Oct)
Applications received	43	265
Applications determined	23 (SSD** 78 %) YTD 76%	165 (SSD 79%) YTD 81%
Variations received	160	4
Variations determined	139 (SSD 94%) YTD (86%)	4 (SSD 75%) YTD (78%)
Change of corporate control received	6	N/A
Changes of corporate control determined	9 (SSD 56%) YTD (86%)	N/A
Sign-up to e-services	1784	4838
Payments made on line since launch of e services:	386 (Majority are Annual fees)	297

** SSD service standards

27. Compulsory sign-up to eServices for all operators has been completed.
28. The contact centre received 2,688 enquiries, of which 97% were resolved within target timescales. Of these, the main areas of interest were queries over licensing applications; complaints and disputes about operators licensed either by the Commission or overseas regulators.
29. Since 1 November we have received 322 complaints/disputes about operators who have been issued with remote transitional licences. To date the complaints have related to the period prior to licensing by the Commission and we have agreed with the relevant regulator how to handle them.
30. Results of the October customer survey gave an overall customer satisfaction of 88% from 32 responses in total. The survey was sent to 324 email and 129 telephone recipients.

Proactive compliance

31. Planned compliance assessment activity in respect of non-HIO operators is planned, delivered and reported quarterly. 833 assessments were planned for completion by 31 December. As of 17 November:
- 643 were completed;
 - 91 had been planned ready for a site visit;
 - 99 remained to be progressed.
32. In this period 1,011 lottery submissions were received, all of which complied with the minimum returns to good causes (20%). In addition, 648 regulatory returns were received on time out of the 662 due. The 14 outstanding returns are being escalated.

Additional returns have also been received from remote operators to align them with new requirements. Quality assurance checks revealed concerns with 453 returns which required resubmission due to data quality issues. They mainly related to failure to specify RET contributions, particularly where a trade association makes the contribution on behalf of the operator and, for machine suppliers, failure to specify revenue share where applicable. These re-occurring issues will be resolved when the regulatory return facility is incorporated into e-services as we have taken the opportunity to build in business rules relating to data quality which will ensure that the operators complete the required fields prior to submission and which will highlight any obvious errors. The new functionality will be available from 30 November.

Complex cases, enhanced compliance and criminal enforcement activity

33. The consultation responses on our Statement of Principles and Licensing, Compliance and Enforcement Policy Statement have been reviewed and carefully considered. The final revision is on the Board agenda for this meeting [Paper **GCP(14)75**], with a view to publication in January 2015.
34. The workstream has reviewed and examined ways of improving and capturing our lessons learned activity, increasing case manager capacity and improving processes relating to operator licence suspensions and collection of fines following regulatory intervention.
35. Through planned compliance activity, we have also begun to evaluate the efficacy of recent public statements resulting from complex cases and whether the messages contained in those statements are feeding through to wider industry learning.
36. Details of individual cases are at *Annex A*.

Reactive compliance (non-complex)

37. Reactive compliance activity covering non complex cases was as follows:
 - Two new Section 116 reviews were allocated for investigation; one for an operator licence (OL) and the other for a personal licence (PL). One review was closed with no further action being taken by the Commission.
 - There are seven other cases under investigation (three OLs four PLs) and two cases which are completed and awaiting regulatory panels.

Betting integrity

38. The Sports Betting Integrity Forum was officially launched on Monday 17 November. Whilst the Forum has the support of the Minister, she was unable to attend the launch event as originally planned. The Forum is working with DCMS on a draft action plan that will set out the British strategy on handling betting integrity at a national and international level. We have met Sport Scotland to begin negotiations on how Scottish Governing bodies could be represented within this area.
39. We are liaising with DCMS and the International Olympic Committee regarding Commission support to Brazil for the 2016 Olympic Games. We continue to be involved

in a number of international working groups that contribute towards establishing improved cross jurisdictional handling of betting integrity issues.

Anti-money laundering

40. The AML workstream continues to make progress against the objectives set out in the work stream's two-year plan, this includes the following:
41. Within the *Influence & Learn* strand of activity, the workstream has reviewed its relationships and engagement with key stakeholders against the key AML challenges. This identified good progress in the legal and cultural areas whilst recognising the need to provide more time and resource in response to the technological challenge.
42. Within the *Apply* strand of activity:
 - 'Enhanced' AML training has been rolled out to compliance, enforcement, intelligence and investigation teams. This day long training includes money laundering typologies; AML controls; the Commission's AML approach; the industry response; and exercises to bring out key learning. Feedback from attendees has been good, indicating high levels of interest and value from the events.
 - The workstream has worked with remote casinos to address misunderstanding and potential weaknesses in their approach to Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD). This included an informal consultation exercise, clarifying money laundering regulations with HM Treasury and addressing a meeting of MLROs. A structured workshop is planned for the New Year to identify and share best practice from within the industry.

Monitor regulatory performance

43. The framework for service standards and KPI's is under development as part of the business planning process, and will also be covered in the current programme management review.

Building partnerships and understanding

Providing advice (Business plan priority)

DCMS call for evidence on the lottery market

44. DCMS's document is currently with government departments for comment, having been signed off by ministers, ahead of a proposed launch of 8 December. Significant senior effort has been expended to help DCMS on both accuracy of the text and the nature of the questions the document is asking, to try and ensure that the call for evidence produces an appropriately focused policy debate.

CMS Committee inquiry into Society Lotteries

45. I am due to appear before the Committee on 16 December, probably alongside the Minister, Helen Grant. Camelot is also appearing on that day.
46. The first session of the Committee on 18 November saw the People's Postcode Lottery and the Health Lottery appear first, with the National Council for Voluntary Organisations and the Charity Law Association following them. A wide range of questions was asked, with a general focus on any need for and impact of de-regulation together with pressure on the Health Lottery to be more transparent about expenses.
47. Work is ongoing to produce briefing materials ahead of our appearance and we are liaising closely with the Department to ensure consistency of approach and messaging, where appropriate.

Embedding evidence-led culture (Business plan priority)

48. The information management strategy has been developed and agreed with the Executive Group. This sets out the key business drivers and a prioritised list of development areas that are being addressed.
49. The information management steering group is now in place with the first meeting taking place 21 November. We are considering the approach to engagement and the potential for use of a cultural questionnaire to better understand our information needs. In the meantime, we have been progressing each of the following areas:
 - Programme development tool
 - HIO profile automation
 - Increased use of Business Intelligence; (use of software package Tableau etc.)

Gathering and sharing evidence (Business plan priority)

50. We have been working on the implementation of the new Memex Intelligence IT system. We will be upgrading to the new version on 10 and 11 December 2014. The testing has been completed and arrangements for training are underway. The weeding process has still not yet been completed but will not hinder cross over.
51. In support of workstreams we have continued to provide documents and analytical products. **[Exempt information under section 30 of the Freedom of Information Act]** The intelligence unit has delivered training for Memex and arranged for outside trainers from Creditsafe to deliver research training.
52. We have continued to promote internal awareness of intelligence capabilities by conducting induction presentations and during workstream meetings.
53. In promoting information exchange, we have reviewed memoranda of understanding, and we are refreshing a current MOU with ACRO¹. We are considering an invitation from the Government Agency Intelligence Network (GAIN) to commit to their IT system 'PAM' which could improve the ease of information exchange.

¹ ACPO Criminal Records Office

54. Stakeholder engagement has continued, with meetings with Interpol Match Fixing Task Force and also the Sports Betting Integrity Forum. We gave a presentation to the South East GAIN meeting and we further attended the North West GAIN meeting.

Gambling statistics

55. We published the results of the quarterly participation survey as planned on 30 October. The inception meeting for the new quarterly participation survey has been completed and data collection will commence in March 2015 in order that data collection for the new and old surveys maps to calendar years.
56. The Scottish Government has confirmed that it will publish the Scottish Health Survey results, including tables on prevalence of problem gambling, on 2 December. We have successfully secured inclusion of gambling questions in the Health Survey England for 2015 data collection.
57. We have received the report of the official statistics audit conducted by Mazars, which identified two areas as amber (manual manipulation of data and regulatory returns submissions) and five as green.
58. We will publish the industry statistics for financial year 2013/14 as planned on 27 November.

Social gaming

59. We have:
- Developed draft lines/messages on our approach to social gaming (following Board approval to maintain a watching brief);
 - Continued liaison with international academics;
 - Discussed the issue at RGSB Board on 19 November; and
 - Updated the Community Liaison Group about our work in this area on 19 November.

RGSB

60. The RGT research committee took place on 23 October. The Commission and RGSB have now received all eight of the draft machines research reports. We briefed Commissioners on 12 November and RGSB at its Board meeting on 19 November.
61. RGSB has provided the Commission with a short letter offering its views on the LCCP consultation, which we have acknowledged; RGSB will also be involved in our consideration of the responses.
62. RGT had its Trustees' meeting on 13 November and RGSB had its Board meeting on 19 November. RGSB discussed the machines research, LCCP, social gaming, affected others and received a presentation from the Remote Gaming Association.

Work with LAs and other regulators

Local authorities

63. We addressed licensing officers at the Institute of Licensing's national training conference in Birmingham – highlighting the key issues in the forthcoming Guidance to Licensing Officers (GLA) and the social responsibility issues in the recent Licence Conditions and Codes of Practice (LCCP) consultation.
64. We have published a special bulletin on the various issues and concerns that have come to light about Family Entertainment Centres (FEC) – both licences and permits. We continue to contribute to case management in relation to the FEC operators and machines suppliers.
65. We have undertaken an analysis of the LCCP responses that will particularly impact on the GLA consultation (notably the local social responsibility risk assessments) and have taken early soundings and prepared generally for the forthcoming GLA consultation.
66. We attended enhanced meetings with Barking & Dagenham, Tower Hamlets and Newham, where LBO issues were the primary concern. These were very positive.
67. We have commented on the Primary Authority National Inspection Plans and Strategies which are close to completion and publication.

Collaborative Working with the SIA

68. There is an expectation from Government that Arm's Length Bodies will seek opportunities to work together to identify and exploit areas where closer collaboration may yield benefits. Following discussions between the Chairs and CEOs of the SIA (Security Industry Authority) and the Commission, it was agreed that both organisations would look to see what, if any, such opportunities exist between the 2 organisations as, on the face of it, we have activities in common. The SIA is the organisation responsible for regulating the private security industry in the UK. Their duties include the compulsory licensing of individuals undertaking designated activities within the private security industry and this is expected to extend to the licensing of businesses during 2015.
69. Officials have therefore worked together to identify functions where further analysis may prove fruitful and agree how and when that analysis will be carried out. Both organisations have significant workloads and individual challenges but it is expected that the outcome of this analysis, and resultant recommendations, will be available by April 2015. In the meantime, there has already been some progress in terms of informal liaison though the sharing of best practice/information including, for example, Finance where the Commission has an interest in the SIA's procurement systems and the SIA is likely to benefit from our experience of a CIPFA (Chartered Institute of Public Finance and Accountancy) Management Model

Innovation

70. Details of cases in hand under this workstream are attached at **Annex B**.

Publications and external communications

71. Details of our communications activity is attached at **Annex C**.

The National Lottery

72. Our key activity over the period, in addition to normal programmatic work on Compliance, Licensing, Vetting, Consumer Protection and Enforcement, covered:

- [Exempt information under section 43 of the Freedom of Information Act]
- [Exempt information under section 43 of the Freedom of Information Act]
- [Exempt information under section 43 of the Freedom of Information Act]
- [Exempt information under section 31 of the Freedom of Information Act]
- Liaison meetings were held with Camelot and DCMS; DCMS in particular covering issues around distributor engagement and the 'call for evidence' on the lottery sector. The call for evidence input has been considerable.
- The Chair of the Committee and Ben Haden also attended the World Lottery Summit in Rome.

73. [Exempt information under section 43 of the Freedom of Information Act]

74. A copy of the Director's Report and Performance Achievement Report to the National Lottery Committee in November are attached at **Annex D**. The Committee also discussed on the strategy presented to it by Camelot at its October meeting.

Enabling activities

Fees development (Business plan priority)

75. The main effort over the past month has focussed on getting DCMS consent to the use of consultants and starting the tendering process. As requested at the October Board meeting, a broad fees review timetable is attached at **Annex E**, including dates where engagement with the Board is expected

HR policies, guidance and consultations (Business plan priority)

76. The employee conference took place on 25 November 2014. The key themes included an update on the strategic narrative; environment scanning for the business plan; improving the ways we use emails; and internal network analysis. Initial feedback was positive, with a good degree of engagement during the workshops. We are collecting more formal feedback to inform future conferences.

77. Feedback relating to the learning and development strategy and the statutory and mandatory training policy has been received from ACAS and will be incorporated into the documents.

78. The revised development manager/supply manager arrangements are now largely in place. Most of the final performance management review meetings have taken place and the necessary changes relating to development manager/supply manager arrangements have been updated on Snowdrop. Objective setting meetings are taking place and should be finalised in the very near future.

79. A flexible working policy and procedure, together with an application form, has been drafted, incorporating ACAS advice. Information on the proposed changes has been completed and the pack is now ready for feedback from management. Work has started on drafting revisions to the sickness absence policy.

HR support to management

80. Recruitment activity continues and we are currently recruiting to eight roles. In addition, we are preparing to advertise a further five roles. A job evaluation panel has considered one existing role, and will consider a further two roles shortly.
81. The annual performance pay uplifts have been communicated to all employees and applied in the November pay cycle.
82. **[Exempt information under section 40 of the Freedom of Information Act]**
83. Work continues to prepare for the 2015 pension changes. The options exercise packs were received in late October and subsequently distributed. The October self assessment was completed and submitted to MyCSP. A leaflet drop was made at the employee conference to remind staff of the coming changes.

Business planning

84. Work surrounding the review of the current business plan took place during the period. Initial information was taken from the BPPB reports and has been followed up with individual meetings with workstream leads in key thematic areas.
85. A round of meetings is currently underway with Programme Directors and Executive Directors giving them sight of: business plan progress this year; key themes; issues raised from the meetings with workstream leads; and looking ahead to the focus of work for the next business plan. This work was presented at the employee conference and will be presented to you at this meeting **[Item 7]**.
86. A recruitment exercise has taken place for the four Programme Project Manager positions. The first round of interviews has resulted in two successful appointments. A further round of interviews for the two remaining posts will take place in early December.

Finance

87. Following the implementation of the Gambling (Licensing and Advertising) Act 2014 on 1 November, annual fees are now being collected for the first time. Our income forecasts have been reviewed to reflect additional remote activities.
88. Preparations for the 2015/16 budget and medium term financial planning process are well underway, with this year's process being closely aligned to the Commission's business planning process. The Finance team has been commended by DCMS for the quality of its forecasting.

Accommodation management

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

- Clearing of Apex Court, Bristol, as the lease expired on 20 November 2014 and relocation of the business continuity management site to Phoenix Data Centre in Bristol, which will provide a more robust solution; and
- The business case to renew the lease at VSH is complete and is now with DCMS for approval before we submit it to the Government Property Unit. We are having to escalate matters in the department to get the active support we need.

IT infrastructure management

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

- The design for the new link between Camelot and VSH has been agreed and signed off
- The new call centre software has been installed and user acceptance testing has begun. Training is scheduled for early December with a go live target date of 16 December
- The new hardware for the Great Plains (finance system) upgrade has been installed and the software upgrade is in progress, ready for user acceptance testing in December and January
- Go live implemented for the Commission's upgraded web site
- The most recent BSI audit of our ISO:27001 accreditation has been completed. The findings were very positive with only a very minor recommendation.

Internal communications

91. This period, our main focus was on communications in support of the employee conference and explaining changes to development manager/supply manager arrangements.

E-communications

92. All online content has been updated to reflect changes brought about by the Gambling (Licensing and Advertising) Act 2014. The FAQ blog continues to be updated to address operator / applicant queries and has now received over 30,000 visits since launch. Work continues to communicate licence requirements for software suppliers.

93. The new content management system is now in place for our website (www.gamblingcommission.gov.uk), which means that:

- presentation is optimised for mobile devices (although changes to content and functionality are still needed to complete functional improvement)
- transfer of NLC website into the new content management system can begin when resource allows
- we have a support contract with our supplier

Annex A– Complex cases update

1. **[Exempt information under section 31 of the Freedom of Information Act]**
2. **[Exempt information under section 30 of the Freedom of Information Act]**
3. **[Exempt information under section 30 of the Freedom of Information Act]**
4. **[Exempt information under section 31 of the Freedom of Information Act]**
5. **[Exempt information under section 31 of the Freedom of Information Act]**
6. **[Exempt information under section 30 of the Freedom of Information Act]**
7. **[Exempt information under section 31 of the Freedom of Information Act]**
8. **[Exempt information under section 30 of the Freedom of Information Act]**
9. **[Exempt information under section 30 of the Freedom of Information Act]**
10. **[Exempt information under section 30 of the Freedom of Information Act]**
11. **[Exempt information under section 30 of the Freedom of Information Act]**

Greene King

12. The GAT hearing regarding Greene King's operating licence refusal has been conducted on 14 and 15 October with the judgment expected in a few weeks time.
13. The appeal relates to the refusal of operating licences for the provision of high stake and prize commercial bingo and gaming machines within their public houses. The applications were refused because the Regulatory Panel did not consider that granting them would be reasonably consistent with the pursuit of the statutory licensing objectives.
14. The Appellants rely on the fact that we did not find them unfit as a gambling provider rather the problem in this case was not the operator but the operation.
15. The Commission awaits the judgement.

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

Annex B – Gaming machines/innovation issues

Current gaming machines/innovation issues include the following:

- **[Exempt information under section 31 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]**
- **[Exempt information under section 43 of the Freedom of Information Act]**
- **[Exempt information under section 43 of the Freedom of Information Act]**
- **[Exempt information under section 43 of the Freedom of Information Act]**
- **[Exempt information under section 43 of the Freedom of Information Act]**

Annex C – Communications report

1. Media

A total of 23 media calls were handled, with 35% concerning remote queries and a further 17% about bingo.

The Commission was mentioned in the media 42 times.

- Positive coverage included:
 - The announcement of Philip Graf speaking at the BACTA Annual Convention.
 - The inception of the Gambling (Licensing and Advertising) Act 2014 on 1 November.
 - The new BACTA Chief Executive praising the Commission for its willingness to enter discussions on the LCCP social responsibility consultation.
- Neutral coverage included:
 - The Scottish National Party's proposal to the Smith Commission (this will oversee the process of increased devolution of powers to the Scottish Parliament) for full responsibility of gambling to be devolved to Scotland.
 - Several articles in the press about Diane Thompson's career at Camelot following her retirement.
- Negative coverage included
 - In response to questions at the Bookmakers' Trade Fair, Philip Davies MP agreed that the Commission licence fee of £1,700 per shop for some independents compared to £100 for multiples was "a huge discrepancy that should be addressed".
 - Trade coverage in relation to pub retailer Greene King challenging the Commission's decision to refuse it a bingo licence. We were contacted several times concerning this but advised we would not comment on ongoing cases.

2. Website

During October the website had 62,611 user sessions, representing a 40.7% increase on the average last year (44,493 visits – 2013).

On average, visitors spent nearly three minutes on the site and looked at three pages per visit. Feedback showed that 51% of visitors gave positive feedback on the pages they commented on, 22% gave neutral feedback and 27% were unhappy (from 414 respondents).

3. Social media

Of the 346 mentions of Gambling Commission in October, 26% were positive (showed us in a good light or reinforced our messages), 7% were negative and 67% were neutral.

Positive sentiment (26%) in October can be attributed to the following:

- Our response to the poker auto-top up petition;
- Our consultation on social responsibility.

Negative sentiment (7%) for the same period can be attributed to the following:

- Twitter comments regarding licence fees for smaller operators;
- Twitter comments regarding the upcoming Gambling (Licensing and Advertising) Act.

In October, 174 visits to our website came from Twitter. We increased our Twitter follower numbers from 1330 to 1403 – an increase of 5%. A number of influential Twitter followers have been obtained this month including: DCMS, ESSA, Grant Shapps (Conservative Party Chairman & Minister), Simon Barker (Assistant Chief Executive at the Professional Footballers Association) and Duncan Wright (Head of sports online for the Daily Star and Express).

On LinkedIn we increased our company page followers from 1078 to 1117 – a rise of 3.6%.

4. Parliamentary questions

There were eight written parliamentary questions of direct relevance to the Commission over this period. Six of the questions came from Shadow Minister for Sport Clive Efford.

Lord Mancroft: What criteria the Gambling Commission will use (1) to establish whether it is appropriate to share information with other statutory bodies in the United Kingdom or overseas, and (2) to determine whether the information it is intending to share is relevant to the functions of such bodies.

Lord Gardiner of Kimble: The Gambling Commission considers a range of criteria when sharing information and is subject to oversight on data protection and use of surveillance powers by the Information Commissioner, the Interception of Communications Commissioner and the Office of Surveillance Commissioners. In view of the complexity of this area I have asked the Gambling Commission's Chief Executive to write to my noble Friend directly on the matter of information sharing. A copy of her letter will be placed in the Libraries of both Houses. (This letter was sent on 21 October)

Mr Laurence Robertson: What recent estimate he has made of the net annual financial benefit to British racing of extending the Horserace Betting Levy to overseas operators; and if he will make a statement.

Mrs Helen Grant: Offshore remote betting operations have not hitherto been licensed by the Gambling Commission. This means there is currently no centrally collected and publicly available comprehensive dataset of offshore remote operator profits on which to base an estimate. This will change once the Gambling (Licensing and Advertising) Act comes into force on 1 November. We expect the Gambling Commission will be including

data from remote offshore operators in their Industry Statistics from 2015. In the Government's recent consultation 'Extending the Horserace Betting Levy', we noted that any estimates of potential additional yield extrapolated from published information such as some company accounts would necessarily be "best guesses" and could only be indicative, not least because the remote gambling market is growing very quickly. We said that the range of "best guesses" ran from £10m to £30m p.a. and sought estimates of potential additional levy yield from respondents assuming the rate of collection remained at 10.75%. Such estimates as were received in consultation responses generally fell within that bracket. The Government will be publishing its response to the consultation in due course.

Clive Efford: If he will review the regulations related to pre-watershed television advertising relating to gambling; and if he will make a statement.

Mrs Helen Grant: The four strands of work exploring the current state of gambling advertising in the UK, which we announced in March this year, are concluding as scheduled. This includes the regulations relating to pre-watershed gambling advertising on television.

Clive Efford: When he plans to introduce a £50 limit on fixed odds betting terminals; and if he will make a statement.

Mrs Helen Grant: Draft regulations have been drawn up and are being submitted to the European Commission for comment under the terms of the Technical Standards Directive. We intend for these to come into force on the April 2015 common commencement date.

Clive Efford: What discussions he has had with the Gambling Commission on financial transaction and IP blocking; and if he will make a statement.

Mrs Helen Grant: DCMS officials and I hold regular discussions with the Gambling Commission on a range of matters including arrangements for enforcing the new licensing regime for remote gambling operators, which comes into force on 1 November 2014. These enforcement arrangements include the disruption of illegal financial transactions. Companies such as MasterCard, Visa and PayPal are working with the Gambling Commission to ensure the termination of financial processing contracts with unlicensed gambling operators. The Government and the Gambling Commission will assess the effectiveness of this approach, to enable Government to ensure that the Gambling Commission continues to have all of the enforcement tools that it needs.

Clive Efford: What progress he has made on introducing a one stop shop for problem gamblers; and if he will make a statement.

Mrs Helen Grant: The Gambling Commission is currently consulting on a requirement for gambling operators to allow individuals to exclude themselves from gambling, by making a single request to exclude from all online gambling, and a single request to exclude from all land-based gambling within a local area.

Clive Efford: How many times he or officials in his Department have met the European Commission to discuss the introduction of a horse racing betting levy for online gambling since May 2010; and if he will make a statement.

Mrs Helen Grant: DCMS officials have met with officials from the European Commission twice during 2014 to discuss proposals to extend the Horserace Betting Levy to offshore remote operators. Engagement with Commission officials has continued throughout this

period, facilitated by BIS and UKRep. I have not held any discussions with the Commission on this issue.

Clive Efford: When he expects the Natcen research into the relationship between fixed odds betting terminals and problem gambling to be published; and if he will make a statement.

Mrs Helen Grant: The research in question is scheduled to be published in December 2014 by the Responsible Gambling Trust. This will include an introductory statement on the plausible markers of harm as well as two research reports on patterns of risk along with associated contextual research analysis.

Annex D

National Lottery – Director’s report and performance achievement report

Annex E – Fees review timetable and Board inputs

Activity	Board input	Date
January - June 2015 - informal consultation on a 'green paper' outlining basic principles and discussing key issues. In parallel, consider the need for a fees order in 2016 if the costs of dealing with the larger remote market are much greater than currently forecast	Board steer on the 'green paper', and on the issues the Board would like to see considered within the fees review	January 2015
	Report to the Board on the outcomes of the informal consultation, with the Board giving a steer on the next steps	May 2015
Spring/Summer 2015 - start consultation on a limited fees order for implementation in April 2016 [if needed – it may not be necessary]	Draft consultation document provided to the Board for comment and a steer	June 2015
Autumn 2015: Modelling of costs and fee income and consider efficiencies. Hold stakeholder workshop. Work up options for formal consultation	Progress report to Board for discussion prior to the stakeholder workshop	September 2015
	Draft consultation document provided to the Board for comment and a steer	January 2016
April 2016 – Undertake the formal consultation	Results of the formal consultation reported to Board for discussion	June 2016
Autumn 2016 - Response to the formal consultation and decision on fees review proposals	Board approval of the response to the formal consultation and the fees review proposals	November 2016
By Easter 2017 – Proposals cleared by Regulatory Policy Committee etc, including fees Statutory Instrument		