


GAMBLING COMMISSION

Item 7
GCP(15)19

2014-15 Business Plan Priorities Year-end Update

For Board approval	
For Board discussion	
For Board information	

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Executive summary

1. The purpose of this paper is to present an update for the Board on progress against the five priorities set by the Board in the Business Plan 2014-15 (the Plan)
<http://www.gamblingcommission.gov.uk/pdf/Business%20plan%202014-2015.pdf>

Key achievements and activities

2. The business plan is a live document and progress was last reviewed fully by the Board in March 2014, although reviews have been undertaken as part of the preparation of the published 2015-16 business plan. More detailed updates on the key workstreams within the plan have been provided within the CEO's report at each Board meeting.
3. Our progress against the priorities set in the published 2014-15 business plan can be summarised as follows:
 - **Delivery achieved broadly in accordance with the plan**
 - Making necessary revisions to the Licence Conditions and Codes of Practice (LCCP) and regulatory returns that are consequent on enactment of the Gambling (Licensing & Advertising) Act 2014;
 - Evidence and advice to inform effective gambling regulation in relation to player protection measures, including reporting on gambling prevalence; strengthening measures in the LCCP, and consulting on improvements to self-exclusion measures;
 - Delivery of effective regulation of the National Lottery post merger (although further development of some aspects will continue into 2015-16).
 - **Delivery achieved but delayed largely by external events**
 - Implementation of the changes resulting from the introduction of the Gambling (Licensing & Advertising) Act 2014 including smooth transition for those currently able to transact with GB consumers to ensure continuity of business;
 - Arrangements to deter, disrupt and handle instances of non-compliance from operators based overseas;
 - Award of continuation licences under the Gambling (Licensing & Advertising) Act 2014;
 - Evidence and advice to inform effective gambling regulation in relation to the lottery market and implications of developments in the National Lottery, society lottery and remote gambling sectors.
 - **Delivery achieved in part but delayed due to internal constraints/pressures**
 - Instituting improved arrangements for holding current information on all HIOs, and regularly assessing their performance against regulatory risk;
 - Undertaking full corporate evaluations of a range of HIOs, based on assessed risk and past performance;

- Implementation of a programme of stakeholder engagement, taking all opportunities to raise the profile of regulatory risk – including issues such as social responsibility and anti-money laundering.
- **Delivery not achieved in the year but work rescheduled by agreement with the Board**
 - Develop a comprehensive and integrated people strategy, with underlying development plans (delayed due to internal resource and capacity constraints);
 - Outline revised fee structure proposals to be issued for consultation (replanned due to external factors).

Background

4. The current version of the business plan was approved by the Board in March 2014. It sets out the Commission's plans for the financial year 2014-15 and reflects the statutory framework within which we operate. The March paper recommended the inclusion, as priority workstreams, of five areas of work to reflect their strategic significance to the Commission. These five items were incorporated in the published business plan. They are set out at Annex A, and in summary are:
- Implementation of the Gambling (Licensing & Advertising) Bill;
 - Evidence and advice to inform effective gambling regulation;
 - Improve the regulatory performance of high impact operators – those large operators that together account for 80% of consumer spend;
 - Deliver effective regulation of the National Lottery post merger;
 - Deliver our activities efficiently and provide value for money.

Delivery against planned priorities

7. Progress against the published business plan priorities is set out in the table below:

Plan priority area	Prioritised activities	Progress during 2014-15
<p>Gambling (Licensing & Advertising) Bill (the Bill)</p> <p>Note: The Gambling (Licensing & Advertising Bill) received Royal Assent on 14 May 2014. The commencement of the Act was delayed from April to June and then to October by DCMS. There was a further delay to November as a consequence of the judicial review proceedings.</p>	<p>Implement the changes resulting from the introduction of the Bill including smooth transition for those currently able to transact with GB consumers to ensure continuity of business</p>	<p>The process for the award of remote licences is progressing well, despite 84% (147) of the applications being either incomplete or requiring further supporting evidence or clarification. As at 4 March 2015, 40 licences had been determined from the total of 176 applications. We are on track to have determined the applications of the 52 operators who also applied for a gambling software licence prior to 31 March. Of the remaining 84, we expect to have determined the majority by end of April.</p> <p>We have reminded gambling software providers of the new licence condition which comes into effect on 31 March 2015 which will require them to hold GC gambling software licences should they wish to continue to supply GC licensees after that date. They were advised to submit their application by 31 December 2014 or run the risk that their application may not be determined by 31 March.</p> <p>We also advised operators who use gambling software suppliers of the need to ensure their suppliers applied in good time and were licensed by 31 March. For those operators whose suppliers had not applied by 31 December, we advised them to put contingency arrangements in place to ensure they did not breach their licence by using unlicensed gambling software suppliers after 31 March. We plan a follow up in mid-March.</p> <p>In addition to those that applied as part of their advance application under the transitional arrangements, we have received a further 87 gambling software applications:</p> <ul style="list-style-type: none"> • Of the 31 received pre 31 December, all but three have been determined, the remainder to be determined by 13 March. • Of the 19 received in January we expect to determine all by 31 March.

Plan priority area	Prioritised activities	Progress during 2014-15
		<ul style="list-style-type: none"> • Of the 26 applications received during February, we expect to have some determined by the March deadline. • For those applications received in March, we are unlikely to have determined them by month end.
	<p>Ensure that capability and processes are in place by July 2014 to deter, disrupt and handle instances of non-compliance from those operators based overseas.</p>	<p>We put arrangements in place to inform and empower consumers by October 2014.</p> <p>[Exempt information under section 31 of the Freedom of Information Act]</p> <p>We have enhanced the compliance oversight of remote operators (competency and staff increased).</p> <p>We have improved the issue capture and case management arrangements.</p> <p>We have communicated with sports governing bodies regarding the advertising provisions of the Act and their responsibilities in relation to those provisions.</p>
	<p>Award continuation licences without significant disruption within four months of Royal Assent</p>	<p>The date for submission of continuation licence applications was extended to 23 October 2014 as a consequence of the judicial review. 176 applications were received and all licences were issued on 29 October 2014, ahead of the implementation date of 1 November 2014.</p>
	<p>Make those necessary revisions to the Licence Conditions and Codes of Practice (LCCP) and regulatory returns that are consequent on enactment of the Bill within six months of Royal Assent</p>	<p>The Commission published amendments to LCCP (including those amendments which were consequent to the then Bill) on 4 May 2014. The amendments mostly came into force on 4 August 2014, although a requirement relating to the use of licensed gambling software operators came into force on 31 March 2015, and a provision related to the display of licensed status came into force on the date of implementation of the Act (1 November 2014).</p> <p>The Commission consulted on changes to the regulatory returns for remote casino, betting and bingo, and for gambling software (remote and non-remote) in order to ensure they were fit for the implementation of the Act. As a result changes were made and the returns amended. They were made available to be submitted via the</p>

Plan priority area	Prioritised activities	Progress during 2014-15
		Commission's e-Services portal prior to Christmas and in time for operators to complete their returns.
Evidence and advice to inform effective gambling regulation, in particular in relation to:	<p>The lottery market and implications of developments in the National Lottery, society lottery and remote gambling sectors, by:</p> <ul style="list-style-type: none"> ▪ providing advice to DCMS on aspects of lotteries, National Lottery and wider gambling markets, and legal and regulatory frameworks by end April 2014. • supporting DCMS in its proposed consultation on options for development of the legal and regulatory frameworks for the lottery market in line with DCMS' timetable. 	<p>There have been delays in delivery caused, to a large degree, by changes to DCMS's approach and timetable. The activity has been split into two phases – pre and post call for evidence.</p> <ul style="list-style-type: none"> • We made an initial presentation to DCMS in May 2014, setting out the development of our thinking. We provided our written advice on the market sector assessment in July 2014. • We have provided support to DCMS: <ul style="list-style-type: none"> ○ In getting its call for evidence out (which formed a preliminary phase to the original plans); ○ Ahead of the related CMS committee inquiry, for which we also produced our own submission and appeared before the Committee ○ Phase 2, which builds on the original advice we provided, was scoped and resourced to meet DCMS's requirements by February 2015. ○ We will continue to provide support in 2015-16 as DCMS's review progresses.
	<p>Player protection measures, by:</p> <ul style="list-style-type: none"> ▪ reporting on the prevalence of gambling and problem gambling rates in Great Britain June 2014. ▪ consulting on proposals to strengthen player protection measures in LCCP by mid-July 2014. 	<p>Following publication of the report on gambling behaviour in England and Scotland in 2012 (April 2014), we undertook further in-depth analysis of gambling behaviour and problem gambling levels, in particular looking at groups within populations and associations with problem and at-risk gambling. We published our compendium report in July 2014.</p> <p>We issued a comprehensive LCCP consultation document on social responsibility in August 2014 and held a series of workshops to support the consultation. Following consideration of the responses received, we set out in February 2015 our proposals for changes to the LCCP, which will come into force in May 2015. In some cases, further consultation is required: for</p>

Plan priority area	Prioritised activities	Progress during 2014-15
	<ul style="list-style-type: none"> ▪ consulting on options for improving self-exclusion measures by October 2014. 	<p>example, we issued a detailed consultation paper on annual assurance statements in February 2015.</p> <p>The LCCP consultation document on social responsibility in August 2014 included a chapter on options for improving self-exclusion measures. We considered responses and set out our position in February 2015. This includes a requirement for on-line operators to participate in a multi-operator self-exclusion scheme when scheme development, which is well underway, is complete. It also includes a requirement for non-remote operators to participate in sector-specific, multi-operator self-exclusion schemes by April 2016.</p>
<p>Improve the performance of high impact operators</p>	<p>Institute improved arrangements for holding current information on all such operators, and regularly assessing their performance against regulatory risk, by September 2014.</p>	<p>We undertook a cleanse of HIO Siebel accounts (including refresh of key position holder information on face of the account) in September 2014.</p> <p>[Exempt information under section 31 of the Freedom of Information Act]</p>
	<p>Undertake full corporate evaluations of a range of such operators, based on assessed risk and past performance, by March 2015.</p>	<p>[Exempt information under section 31 of the Freedom of Information Act]</p> <p>The commencement of the first corporate evaluation was delayed due to:</p> <ul style="list-style-type: none"> • a lack of resource at Senior Manager level (resolved by May 2014); <p>[Exempt information under section 31 of the Freedom of Information Act]</p> <ul style="list-style-type: none"> • additional time taken to develop and refine the approach for corporate evaluations; • time taken to induct new workstream members and to clear the approach and schedules with Complex Cases Group.
	<p>Implement a programme of stakeholder engagement, taking all opportunities to raise the profile of regulatory risk – including issues such</p>	<p>To date, our main focus has been on developing, piloting and launching the HIO corporate evaluation process. As a result, the programme of stakeholder</p>

Plan priority area	Prioritised activities	Progress during 2014-15
	<p>as social responsibility and anti-money laundering:</p> <ul style="list-style-type: none"> ▪ within the Boards of the main operators by March 2015; and ▪ at major conferences. 	<p>engagement has been low key, as detailed below.</p> <p>The HIO workstream has contributed to the following stakeholder engagement activity:</p> <ul style="list-style-type: none"> • Chairman/CEO/Director engagements undertaken with HIOs throughout 2014/15, with briefing documents provided on our approach to HIOs, and the HIOs themselves, as required; • Briefings and lines to take were provided on the HIO approach (including the annual assurance statement) for major conferences (eg ICE; LGA conference); • Approach to HIOs reflected in the development of the annual assurance statement as part of the social responsibility LCCP review (including coverage at the October 2014 LCCP consultation workshops); • We have engaged with the major sports betting operators through our betting integrity work to highlight their responsibilities for the management of risk and identification of irregular/suspicious activity. <p>Further consideration of the need for an overarching HIO stakeholder engagement programme will be made during 2015-16.</p>
<p>Deliver effective regulation of the National Lottery post merger</p>	<p>Securing maximum returns for good causes, consistent with probity and social responsibility, by:</p> <ul style="list-style-type: none"> ▪ responding promptly and effectively to Licensee proposals on games and distribution channels as they arise. ▪ updating our approach to Licensee oversight, making better use of management information and improving our understanding of the Licensee's strategic plan and corporate governance by December 2014. 	<p>Actions taken as follows:</p> <p>[Exempt information under section 31 of the Freedom of Information Act]</p> <ul style="list-style-type: none"> • The Player Protection Reference Group completed its review and closed in February 2015. More generally, synergies are being achieved internally, but further work is needed (and planned) in 2015-16 to embed this throughout the organisation.

Plan priority area	Prioritised activities	Progress during 2014-15
	<ul style="list-style-type: none"> ▪ achieving synergies between the Gambling Act 2005 and National Lottery etc Act 1993 activities, including a review for consistency of our policy approaches to player protection measures across National Lottery and gambling activities by December 2014. 	
<p>Deliver our activities efficiently and provide value for money</p>	<p>Develop a comprehensive and integrated people strategy, with underlying development plans for sign-off by the Remuneration Committee and Main Board by October 2014.</p>	<p>Initial work was undertaken, but progress was frustrated [Exempt information under section 40 of the Freedom of Information Act]</p> <p>In addition, significant other HR work (including major recruitment exercises) led to changes to priorities. An interim head of HR was appointed in January 2015 and has developed a plan for delivery of HR priorities which reflects objectives agreed with the Remuneration Committee. Work on this priority will be carried forward into the business planning priorities for 2015-16.</p>
	<p>Outline revised fee structure proposals to be issued for consultation by September 2014.</p>	<p>The Board considered the timetable and process for the fees review at its July meeting and agreed a two stage consultation process, with a 'green paper' to be issued in January 2015, followed by a full consultation on fee structure proposals in April 2016, with a final implementation date of April 2017. The process overall was deferred for a year, with Board and DCMS agreement, due to the delay in the implementation of the remote legislation, the (then) impending judicial review and the delay in the Government's proposed triennial review. Work is progressing and external advisors have been appointed to assist in preparation of the 'green paper'. Internal modelling is also underway. The planned date for the issue of the 'green paper' has been put back until May 2015 but this will not impact on the timetable overall. Work on this priority will be carried forward into the business planning priorities for 2015-16.</p>

Recommendations

8. The Board is invited to note progress to date as outlined above.

Extract from the 2014-15 published business plan

Priorities 2014-15

- **Gambling (Licensing & Advertising) Bill (the Bill)**
 - Implement the changes resulting from the introduction of the Bill including smooth transition for those currently able to transact with GB consumers to ensure continuity of business.
 - Ensure that capability and processes are in place by July 2014 to deter, disrupt and handle instances of non-compliance from those operators based overseas.
 - Award continuation licences without significant disruption within four months of Royal Assent.
 - Make those necessary revisions to the Licence Conditions and Codes of Practice (LCCP) and regulatory returns that are consequent on enactment of the Bill within six months of Royal Assent.

- **Evidence and advice to inform effective gambling regulation, in particular in relation to:**
 - The lottery market and implications of developments in the national lottery, society lottery and remote gambling sectors, by:
 - providing advice to DCMS on aspects of lotteries, National Lottery and wider gambling markets, and legal and regulatory frameworks by end April 2014.
 - supporting DCMS in its proposed consultation on options for development of the legal and regulatory frameworks for the lottery market in line with DCMS' timetable.
 - Player protection measures, by:
 - reporting on the prevalence of gambling and problem gambling rates in Great Britain June 2014.
 - consulting on proposals to strengthen player protection measures in LCCP by mid-July 2014.
 - consulting on options for improving self-exclusion measures by October 2014.

- **Improve the performance of high impact operators - those large operators that together account for 80% of consumer spend**
 - Institute improved arrangements for holding current information on all such operators, and regularly assessing their performance against regulatory risk, by September 2014.

- Undertake full corporate evaluations of a range of such operators, based on assessed risk and past performance, by March 2015.
- Implement a programme of stakeholder engagement, taking all opportunities to raise the profile of regulatory risk – including issues such as social responsibility and anti-money laundering:
 - within the Boards of the main operators by March 2015; and
 - at major conferences.
- **Deliver effective regulation of the National Lottery post merger**
 - Securing maximum returns for good causes, consistent with probity and social responsibility, by:
 - responding promptly and effectively to Licensee proposals on games and distribution channels as they arise.
 - updating our approach to Licensee oversight, making better use of management information and improving our understanding of the Licensee's strategic plan and corporate governance by December 2014.
 - achieving synergies between the Gambling Act 2005 and National Lottery etc Act 1993 activities, including a review for consistency of our policy approaches to player protection measures across National Lottery and gambling activities by December 2014.
- **Deliver our activities efficiently and provide value for money**
 - Develop a comprehensive and integrated people strategy, with underlying development plans for sign-off by the Remuneration Committee and Main Board by October 2014.
 - Outline revised fee structure proposals to be issued for consultation by September 2014.