

GAMBLING COMMISSION

GCM(17)3

Minutes of the meeting of the Board of Commissioners

Victoria Square House, Birmingham (Boardroom)

23 March 2017

Commissioners: John Baillie
Stephen Cohen
Sarah Harrison (CEO)
Alison Hastings
Walter Merricks
Bill Moyes (Chair)
Sarika Patel
Trevor Pearce
Simone Pennie
Catharine Seddon

Executive Directors: Sarah Gardner
Sue Harley
Neil McArthur (General Counsel)
Tim Miller
Nick Tofiluk

In Attendance: Ben Haden, Programme Director, Lotteries (Item 2)
Paul Hope, Programme Director (Item 5)
Simon Knee, Head of Finance (Item 2 and 3)
Helen Rhodes, Programme Director, Regulatory Strategy (Item 3 and 6)
Oliver Sweeney, Head of Legal (observing)
Mark Wagstaff, Head of Governance

[staff names of those other than the leadership team have been redacted]

Apologies: Jonathan Scott

Item 1: Welcome, apologies and declarations of interest

1. The Chair welcomed Oliver Sweeney and the CEO's PA as observers. Oliver joined the Commission this month as Head of Legal.
2. No new interests were declared that were not already recorded in the register of interests.

Item 2: Minutes and actions

3. The minutes of the meeting held on 23 February 2017 were approved subject to minor amendments.

4. The rolling actions were reviewed and updated.

Item 3: Report from the Chief Executive

5. The CEO presented her report, which included:

- summary of key activity in March and look ahead to April and May, in relation to organisational performance and external engagement
- the latest iteration of the balanced scorecard
- casework update
- National Lottery update
- financial report.

6. The Board noted the Performance Pack and CEO Highlight Report.

7. The CEO provided a year end update on the 2016/17 business plan and advised that 27 out of 30 deliverables had been met. Progress on the Corporate Strategy had not got as far as hoped and work with Camelot had continued to be challenging. The planned multijurisdictional games testing framework had been delayed, owing to lack of progress in other jurisdictions.

8. The CEO confirmed that there had been an overspend of 1.6% on Gambling Act 2005 activities. The overspend has been caused by increased employee costs which includes investment in Governance and knowledge management and two redundancy payments which were not known at the time of budget setting.

9. **[This is exempt from publication under section 43 of the Freedom of Information Act.]**

10. The CEO highlighted that the Exec was undertaking a stocktake on the change programme and People Strategy. Reprioritisation around change activity would take place by the end of April. The CEO also confirmed that a strong focus for the staff engagement day on 4 April would be to gain staff input for development of the Corporate Strategy.

11. The Board noted that the COO recruitment was going well and final interviews would be held next month. The CEO thanked John Baillie for his role on the interview panel. She also thanked Board members for providing their support and experience to staff on a number of areas recently, including finance, investor relations and development of approaches to new functions in relation to the horserace betting levy.

12. The Board reflected on the visits of the office of the Minister for Sport, Tourism and Heritage and the DCMS Permanent Secretary this month.

13. The Board noted outcomes in relation to application of the Fourth Anti-Money Laundering Directive. The Directive raised risks for the Commission and the position reached emphasised the need for the Commission's regulatory framework to continue to be effective.

14. The CEO confirmed that she and the Chairman had commenced the meetings with Operators' Boards, visiting SkyBet this month.

15. **[This is exempt from publication under section 30 of the Freedom of Information Act.]**

16. The CEO highlighted that the review of ADR/complaints handling would be published later in the month. The Commission's objective was to improve the ADR offering and improve how operators treat consumers. In other consumer work, CMA was scheduled to take a decision on its terms and conditions review in April.
17. **[This is exempt from publication under section 31 of the Freedom of Information Act.]** The Board also noted that the Commission had used its power, under the Gambling Act, for the first time to void a licence, that of Run Lines Ltd, which had provided false or misleading information to the Commission.
18. The Board noted that the format of the Finance Report would be changing in the new financial year to reflect feedback received from members of the Audit Committee. Reviewing the report, the Board questioned whether the capital projects would be on budget by the end of the year. Simon Knee confirmed that he felt that it would come in slightly under.
19. **[This is exempt from publication under sections 22 & 43 of the Freedom of Information Act.]**

Item 3: Corporate Business Plan GCP(17)15 and Budget GCP(17)14

20. The CEO presented her slides highlighting the background to the business plan, progress made against the 2016/17 plan and final proposals for 2017/18 deliverables, budget and medium term financial plan. The background to the plan included work to remove inefficiencies in business processes, achieving benefits realisation in the change programme, and commitments arising from the comprehensive spending review (CSR) process, looking to make 5% efficiencies in corporate functions to support front line services.
21. The CEO explained that the proposals for the 2017/18 business plan and budget were to:
 - Support the development and embedding of the Corporate Strategy
 - Maintain momentum in year two of the change programme
 - Build capability and resource in the National Lottery team, and integrate its functions further with resource working on Gambling Act activities
22. The Board was asked to approve the final proposals.

Budget

23. The Board was content with the assumptions in the budget and made suggestions as to how to provide a stronger explanation of increases in expenditure, such as exploring the use of unit costs to demonstrate efficiency. The CEO explained that a summary of the budget and allocation of spend would be in the business plan. Any move to use unit cost data would require further work, as figures would need to be robust. The CEO also confirmed that the budget included expenditure for data analytics, to help understand increasingly digitally-driven business models in the sector.
24. The CEO emphasised that the change programme was not additional but a part of core work and that completion of work on the People Strategy would allow a sharpened focus

on change to support the business plan and Corporate Strategy. This included looking again at resource in corporate services.

25. The Board noted that licence fees on average would reduce by 10% for operators between April 2017-20.
26. The Board approved the final proposals.

Corporate Business Plan

27. The Board reviewed the final proposals and approved the plan subject to a small amendment to the foreword. The CEO explained that some work was not explicitly mentioned in the business plan as it formed part of core business, with no planned deliverable. Exec had decided not to have ongoing deliverables in the plan.
28. The Chairman thanked the team for their contributions on the corporate business plan and the budget.

Item 4: Betting Integrity Review GCP(17)16

29. **[This is exempt from publication under section 31 of the Freedom of Information Act.]**
30. **[This is exempt from publication under section 31 of the Freedom of Information Act.]**
31. **[This is exempt from publication under section 31 of the Freedom of Information Act.]**
32. **[This is exempt from publication under section 31 of the Freedom of Information Act.]**
33. **[This is exempt from publication under section 31 of the Freedom of Information Act.]**

Item 5: Gambling Review update

34. Paul Hope provided the Broad with an update. He confirmed that having shared our analysis and the Board's thinking we were now waiting for a steer from Ministers. He also advised that our remote advice was also shared earlier this month.
35. **[This is exempt from publication under section 36 of the Freedom of Information Act.]**
36. Board asked to keep current the issue of RET funding, including by ensuring that HMT remained aware of the issues and our thinking.

Item 6: Update on Horserace Levy Board reform

37. **[This is exempt from publication under section 36 of the Freedom of Information Act.]**
38. **[This is exempt from publication under section 36 of the Freedom of Information Act.]**

39. [This is exempt from publication under section 36 of the Freedom of Information Act.]

Item 7: Audit Committee Update GCP(17)18

40. The Chair of the Audit Committee provided the Board with an update from the Committee meeting held earlier this month.
41. The Board noted that the Committee considered the proposed changes to the Risk Framework and Corporate Risk register and made suggestions to further enhance the register. The Committee's June meeting has also been moved in order for the Committee to review the accounts. She advised that the sign off of the accounts may need to be delegated to the Chairman to meet with the National Audit Office timescales.

Item 8: Remuneration Committee Update

42. The Chair of the Remuneration Committee provided the Board with an update from the meeting held this month.
43. The Board noted that the Committee had been provided with an update of the People Strategy which is making good progress and will review costs, key milestones and measures for success at the June meeting.
44. The Board also noted that the Committee had agreed the timetable for the CEO performance review.

Item 9: AOB

45. There were no other matters arising.