

GAMBLING COMMISSION

GCM(17)5

Minutes of the meeting of the Board of Commissioners

Victoria Square House, Birmingham (Boardroom)

25 May 2017

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

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

In Attendance: Simon Knee, Head of Finance (Items 3,4 & 6.5)
Tamsin Morgan, Head of Communications (Item 4)
Marianne Smee, Manager – Governance (notes)
Mark Wagstaff, Head of Governance
Richard Watson, Programme Director (Item 2)

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

Item 1: Welcome, apologies and declarations of interest

1. No new interests were declared that were not already recorded in the register of interests.

Item 2: Minutes and actions

2. The minutes of the meeting held on 27 April 2017 were approved.
3. The rolling actions were reviewed and updated.

Item 3: Update on the consultation on the Commission's Enforcement Strategy under the Gambling Act 2005 GCP(17)27

4. Richard Watson updated the Board on the outcome of the formal consultation that had been carried out in relation to proposed revisions to the key documents which underpin our approach to regulation under the Gambling Act 2005.
5. The main proposals in the consultation were:
 - Removal of the presumption in favour of settlement rather than formal licence review, to put all the available regulatory tools on an equal footing
 - Changes to our statement on financial penalties including higher penalties of breach, particularly where we see systemic and repeated failings
 - The use of time-limited discounts to create better incentives for early settlement.
6. The key themes emerging from the 21 responses received were:
 - Concerns that the emphasis on 'putting the consumer first' was not consistent with the statutory licensing objectives and amounts to regulatory creep
 - The Commission should not forget that it has obligations to the industry and that consumers can often 'play' the system
 - Putting settlements and licence reviews on an equal footing
 - Concerns that we had not got the balance right on incentivising timely disclosure
 - Issues about the specific language used in some of the reworded sections and also consistency of language.
7. The Board discussed the key emerging themes and noted that Officials did not consider that too much emphasis was being placed on consumers, given our statutory duties. The Board agreed that any misunderstandings about the Commission's increased focus on consumers should be addressed in the consultation response, in meetings with trade bodies and industry lawyers and meetings with individual operators.
8. The Board discussed the obligations we have to the industry and the need to have regard to the Regulators' Code, subject to this being consistent with our statutory duties.
9. The Board discussed the responses on incentivising timely disclosure. The Board agreed that we did not want to extend our approach to create a form of plea bargaining, but that it was appropriate to adopt an approach where early disclosure would mean that more credit would be given to the licensee.
10. The Board noted the link between our enforcement approach and publication of Annual Assurance Statements and that the Commission encourages operators to share case studies. The Board agreed that it was content with Officials' approach to responding to the themes from the consultation.

11. Final sign off of the consultation responses document and the four documents was delegated to the Chair and CEO. The Board noted that the plan was to publish the documents in June.

Item 3: Delegated Authority Policy GCP(17)28

12. Simon Knee explained that the Delegated Authority Policy had been reviewed as part of the annual review of our financial policies.
13. The proposed changes to the policy were to align it with the new requirements under the Management Agreement with DCMS, which was signed in March 2017.
14. The Board was asked to approve the proposed changes.
15. The Board noted that the Audit Committee recommended that the changes be approved and, having reviewed the policy, the Board approved the proposed changes.

Item 4: Draft Audit and Risk Committee Terms of Reference

16. Mark Wagstaff reminded the Board that it had agreed changes to the Corporate Governance Framework at its last meeting. The revised Audit and Risk Committee Terms of Reference were not available to be considered at that time.
17. The Board approved the proposed revisions to the Terms of Reference subject to further amendments from members of the Audit and Risk Committee.

Item 5: Draft Annual Report and accounts GCP(17)29

18. Tamsin Morgan presented the draft annual report and highlighted that this year's publication was intended to be shorter and more engaging. The ambition being that the report would be easier to read and more accessible in tone. It would also sharpen the focus on our success and impact.
19. She confirmed that the key themes that Officials had woven through the narrative were 'consumer at the heart of regulation' and 'raising standards'. The design of the report had also changed from previous publications including to give more emphasis to key statistics about consumers and the industry, intended to improve the accessibility of data to broader groups of stakeholders.
20. The Audit Committee had reviewed the report at its last meeting and comments had been reflected in this draft. The risk section of the Annual Report was currently being reviewed following comments from Committee members.
21. The Board was asked to confirm it was content with the themes and structure of the report. The report would return to Board in June and final sign off would be with the Chair and CEO.
22. The Board commented that the Report was a good draft and suggested amendments to highlight the work we have done to reduce regulatory burden on operators and not impede innovation. The Board also suggested ways that statistics used in the Report could be presented to have greater impact, for example by citing the number of consumers who do not read Terms & Conditions rather than those that do.

23. The Board highlighted that the Report did not include diversity statistics for Board members and asked for this to be included. It was also concerned that the current draft did not acknowledge work that was required in the delivery of core functions, such as licensing and contact centre to improve the service further.
24. The Board asked that the work of the RGSB be acknowledged in the Report and more information included on the change programme. The Board also raised concerns that some of the language used in the Report was overly technical and worked against the aim to be more accessible.
25. The Board raised concerns that an operator had been named in the financial review section, in connection with income received following a successful Enforcement case. Simon Knee confirmed that the reference to the operator would be removed. The Board also asked that National Lottery expenditure should be kept distinct in this section.
26. Regarding our cash balance in the accounts, the Board asked for it to be made clear that licensing fees are received in advance. The Board also suggested that we should explain the imbalance of the net expenditure with 2016/17 and that this should be addressed next year following the fees review.
27. The Board noted that Officials were still awaiting pension valuation information from MyCSP.
28. The Board discussed the design of the Report and thought it had improved greatly from previous years. The Board suggested some revisions to the design which Officials would take forward.
29. The Board indicated it was content with the structure and themes of the report and also agreed that it was content for the Chairman and CEO to sign off the final text. The Board noted that it would see a final version of the report at the June meeting.

Board Performance Reporting Group update GCP(17)30

30. John Baillie provided the Board with an update, which included examples of the proposed balance scorecard which reflected input from Board members.
31. The Board noted that consultants, Lucerna, had been appointed to research how other regulators undertook performance reporting. The consultants planned to report back to the group in June.
32. The Board also noted that the new report would be presented at the meeting in September.

Audit and Risk Committee update GCP(17)31

33. Sarika Patel provided the Board with an update.
34. The Board noted that the Committee had provided feedback on the new look Corporate Risk Register and would be considering individual risks and the Board assurance framework at the Committee meeting in June.

Chief Executive's report

35. The CEO presented her report, which included:

- summary of key activity in May and look ahead to June, in relation to organisational performance, the latest iteration of the balance scorecard and external engagement
- National Lottery update
- Casework summary
- financial report.

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

37. The CEO advised that following feedback from a number of members on the report she would take time over the summer to look at how best to structure it.

38. The CEO confirmed that performance and pay had now been realigned with the financial year and a project on transparent reward had also begun in response to comments in the People Survey about transparency of reward decisions. The project is due to be complete in the summer. She also highlighted that 71% of employees were now accessing the benefits portal since its launch last month.

39. The CEO informed the Board of changes to Programme Director portfolios which had been made to support strategic priorities. She also confirmed that she would review the organisational structure following the publication of the corporate strategy in autumn.

40. The CEO highlighted that recent cyber threats had raised some issues for the Commission. These had been detected and managed, we also have high level third party assurance that we are compliant with both our policies and procedures and with mandatory and optional accreditations that we hold. She also confirmed that the Audit and Risk Committee would be undertaking a deep dive on cyber security at its meeting in June.

41. The Board noted that the latest industry statistics had been published and that the Chair and CEO had attended Board meetings at William Hill and Playtech this month.

42. **[This is exempt under section 43 of the Freedom of Information Act.]**

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Also that the new self exclusion online scheme created by the Remote Gambling Association had been branded GAMSTOP.

44. The General Counsel presented the casework summary and highlighted that the data provided was a work in progress.

45. **[This is exempt under sections 30 & 31 of the Freedom of Information Act.]**

46. The CEO updated the Board on our work on building partnerships. The Board noted the work with Citizen's Advice (CA) and its commitment to create a new gambling code, which will create a new source of data for us. A representative from CA would also be speaking at our Raising Standards conference later in the year.

47. The CEO highlighted that with the new General Data Protection Regulation (GDPR) coming in next year, work was underway to understand how it will impact us and the industry. She also confirmed she would be meeting with the ICO in June.
48. Mark Wagstaff updated the Board on induction arrangements and highlighted that the visits were coming to an end and the focus would be to invite stakeholders in to engage with the Board.
49. The Board discussed the industry statistics and noted the new format. The Board questioned whether the 25 million adults gambling excluded the National Lottery. Tim Miller explained that the figure included the National Lottery as some participants gambled in the commercial sector and also played the Lottery. The Board raised concerns that the information needed to be clear.
50. **[This is exempt under section 43 of the Freedom of Information Act.]**

Item 9: AOB

51. There were no other matters arising.