

<b>Paper title</b>	<b>Options for Regulatory Settlements</b>
<b>Board, Committee or Group considering</b>	Exec
<b>Date of meeting</b>	22 November 2022
<b>Paper author</b>	[REDACTED]
<b>Responsible Executive Director</b>	[REDACTED]
<b>Paper status</b>	For steer
<b>Strategic objective</b>	Improving gambling regulation
<b><a href="#">Business plan commitment</a></b>	We made a business plan commitment to stop this work in 22-23
<b><a href="#">Corporate Risk</a></b>	L3: the GC not following its own policies and procedures for decision-making or lawful procedure. Appetite: open
<b>Paper seen by/ referred to</b>	Social Responsibility Funds Group

## Recommendations

1. Because of the risks to the Commission and resource commitment required, we made a commitment to stop Commission involvement in the destination of regulatory settlements as part of the 22-23 business plan. It seems likely that the Gambling Act Review will not provide an alternative route for regulatory settlement funds or RET, and therefore the Commission will need to design our own exit route.
2. We invite the Executive Team to provide a steer on the following options, or suggest alternatives, to inform next steps.

## Headlines

3. The options are summarised here with a full appraisal at annex A. Short-term approaches can typically be implemented without consultation; whilst long-term options are likely to require consultation on our Statement of Principles for Licensing and Enforcement and possibly also the Statement of Financial Penalties.
4. Options:
  - a. **Stop** – refuse to allocate funds without the powers/infrastructure to do so
  - b. **Fund/source an independent provider** with experience in commissioning to allocate funds
  - c. **Revert to our historic arrangement** where funds are directed to GambleAware to support their commissioning process as per the Statement

of Principles for Licensing and Enforcement, but without approval for how the funds would be applied

- d. **Explore using existing process to apply funds to GambleAware's new innovation fund** and standalone projects led by them such as their digital transformation work – may be particularly suited to short-term
- e. **Continue with the current process** – Social Funds Responsibility Group, chaired by [REDACTED], makes the decision based on input from the Major Projects & Governance Teams
- f. **Revert to our former process** of the Enforcement Team allocating funds
- g. **Divert regulatory settlement funds to the consolidated fund**
- h. **Reduce or stop regulatory settlements** that include a financial element at all.
- i. **A combination** of one or more of the above.

## Issues & Risks

- 5. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] Whichever exit strategy is approved will take time to implement but enforcement activity will continue. It would be prudent for the Executive Team to consider a short-term option, alongside the current process and agreed long-term exit strategy, to allow us to efficiently run down the regulatory settlement fund when a large sum of payments in lieu of financial penalties are agreed.
- 6. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
- 7. The GC's published policy statement states that the Commission reserves the right to approve the destination of Regulatory Settlement funds but that there would be an assumption in the first instance that funds would be paid to GambleAware ([Statement of Principles for determining financial penalties](#), paragraph 2.14, 7<sup>th</sup> bullet). The Commission found that an assumption that GambleAware would receive the funds was no longer possible since they were unable to manage irregular and unplanned payments, though they remain an option under the current system [REDACTED]

[REDACTED]

[REDACTED] There are now indications they would be able and willing to receive further regulatory settlement funds.

8. GambleAware now manages a number of new funds including an innovation fund where organisations are invited to apply for standalone proof of concept work. The innovation fund has several similarities to the way that we approve the destination of funds to projects. Whilst we welcome the work done in this space it increases the risk of potentially overlapping with projects approved by GambleAware.

9. [REDACTED]

10. [REDACTED]

[REDACTED]

12. A full options appraisal is given at annex A. We now seek Exec steer so we can explore preferred options in more detail and engage legal advisers, DCMS and other stakeholders as necessary.

### **Resource implications**

13. [REDACTED]

15. There will be costs and risks to move to an alternative option, but these will vary depending on the option/s pursued and will be scoped once we have a steer.

### **Timescales**

16. Return in Q4 with full plan.

### **Annexes**

17. Annex A – options appraisal