

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

Recommendations

- 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
 - Fund/source an independent provider with experience in commissioning to allocate funds
 - 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 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
- Reduce or stop regulatory settlements that include a financial element at all.
- A combination of one or more of the above.

Issues & Risks

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.

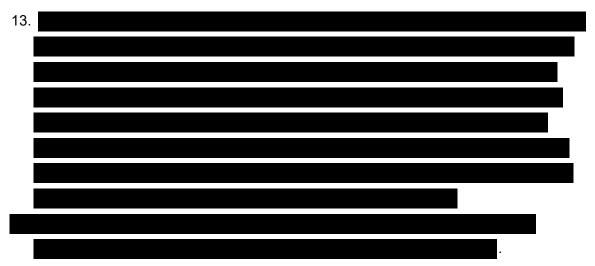
7. The GC's published policy statement states that the Commission reserves the right to approve the destination of Regulatory Settlement funds but that there would be an assumption in the first instance that funds would be paid to GambleAware (Statement of Principles for determining financial penalties, paragraph 2.14, 7th 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

	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.	
10.	

There are now indications they would be able and willing to receive

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



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