**Information for organisations seeking approval for funding through payments in lieu of financial penalties, made by licensees**

1. The Commission reserves the power to approve the destinations of **payments in lieu of financial penalties**, which are agreed as part of a regulatory settlement in line with the Commission’s Statement of Principles for Determining Financial Penalties. Note the following extract:

***Payments in lieu of financial penalties***

***2.14*** *Payments made in lieu of a financial penalty as part of a regulatory settlement do not need to be paid into the Consolidated Fund as financial penalties imposed under section 121 do. As a result there is more flexibility about how such monies may be used. However, The Commission will apply the following principles in approaching such agreed payments:*

***i.****The Commission reserves the power to approve the destination of monies paid as part of a regulatory settlement*

***ii.*** *Operators must not generate positive publicity from the settlement*

***iii.*** *Payments need to be demonstrably over and above 'normal' RET contributions*

***iv.*** *Where practicable, the operator should return money to any identified victims*

***v.*** *If victims cannot be identified or there are no victims, the monies should be given to charity for socially responsible purposes*

***vi.*** *Socially responsible purposes would include purposes which address gambling related harm or in some way promotes one or more of the licensing objectives*

***vii.*** *where payments are made with the aim of addressing gambling-related harm, the presumption is that the money would be paid to GambleAware (formerly Responsible Gambling Trust) to be used for specific agreed purposes that accelerate their commissioning plans*

***viii.*** *Operators should have no interest in organisations who will receive divested funds*

***ix.*** *There should be meaningful evaluation of the effectiveness of projects or research funded by a specific regulatory settlements*

***x.*** *Research findings must be made public to help raise standards*

***xi.*** *Clear timeframes should be set for payment of monies and for delivery of work paid for from those monies.*

1. In applying the above principles, the Commission takes into account the following points, where relevant:
	1. Where payments are made with the aim of addressing gambling-related harm, the funds should accelerate progress against the current National Strategy.
	2. The operator must make the offer to direct funds under the current Licensing Compliance and Enforcement policy statement, but may initially make a proposal which seeks Commission input on what destinations they would consider approvable, consistent with the approach set out in the current Statement of Principles for Determining Financial Penalties.
	3. Approvals will track and take account of the potential for overlap of funding of projects or programmes of work with funding or commissioning from other organisations (where known).
	4. It will normally be more effective to use one-off payments for projects or programmes of work that will not require ongoing funding.
	5. The body to be in receipt of the funds must be willing to accept the money with clear associated paperwork that the monies are part of a settlement in lieu of financial penalty, not a voluntary donation**.**

**Strict rules for operators**

1. Under the terms of a settlement, there is to be no publicity or benefit for the operator in connection with the amount and we ask that it is recorded as a payment in relation to a regulatory settlement rather than a donation (to the extent that it is possible to clarify this in the records). We usually specify that the operator makes the payment as a restricted donation using the following wording:

 *In accordance with the regulatory settlement agreed with the Gambling Commission in lieu of a financial penalty, the monies represent a restricted donation to XXX to accelerate progress towards delivery of the National Strategy to Reduce Gambling Harms (and its successor) and to be allocated to projects approved by the Commission.*

1. This wording is used to demonstrate that the *delivery* of the projects is free from influence of the operators.
2. It may also be relevant to see the type of information we put out when sharing details of regulatory settlements. [This example here](https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/ladbrokes-coral-group-to-pay-59m) uses the wording ‘This settlement consists of: £4.8m payment in lieu of a financial penalty which will be directed towards delivering the National Strategy to Reduce Gambling Harms…’ which demonstrates the way in which the operator’s role is set out publicly.

**Overview of process**

The diagram at Annex A outlines how the process has worked in practice for recent projects.

**Annex A: Overview of process**

The diagram below outlines how the process has worked in practice for recent projects.