

GAMBLING COMMISSION

Supplementary consultation on the introduction of an annual assurance statement

February 2015

Contents

1	Introduction	3
2	Background	4
3	Responses to the previous consultation	6
4	Structure and content of the assurance statement	7
	Part one: Control systems and governance arrangements in place	7
	Parts two and three: Operational changes and planned improvements	9
5	Tackling problem and at-risk gambling	11
6	Implementation	14
	Market share	14
	Submission	14
	Making use of the assurance statement information	14
7	Responding to this consultation	16
	Annex A: Draft assurance statement template and explanatory notes	18
	Annex B: Reference material	23

1. Introduction

- 1.1 The Gambling Commission (the Commission) consultation [Proposed amendments to the social responsibility provisions in the licence conditions and codes of practice](#), included an outline proposal to introduce an annual statement of assurance (assurance statement) for the largest gambling operators and groups, relating to the licensing objectives. After assessing views on this proposal, we concluded in our responses document [Strengthening social responsibility](#) that we would take this proposal forward and issue a supplementary consultation in which we would provide further details on the contents of the assurance statement. This document fulfils that commitment.
- 1.2 We now invite responses on the format and content including the information required in the assurance statement. This consultation is specifically relevant to all large operators (see para 6.1), but also to those with an interest in the Commission's approach to assurance statements.
- 1.3 We plan to proceed with the assurance statement initially through a pilot exercise, with assurance statements to be submitted between 1 October and 31 December 2015. We will send advance notification to operators required to participate in the pilot and beyond, and will make the requirement as an information request under Licence Condition 15.3.1. We have included reference material and explanatory notes in the annexes to help participants in producing the assurance statement, providing a steer on content and completion dates.
- 1.4 **The closing date for responses to this consultation is 19 April 2015.** Further details on how to respond are set out in Section 7.

2. Background

- 2.1** Large operators, particularly those with premium listings, will be familiar with other existing governance disclosure requirements such as those required under the Companies Act 2006, Strategic Report and Directors' Report Regulations 2013 and the FCA's Listing Rules and Disclosure and Transparency Rules. Companies are required, amongst other things, to outline how they apply the main principles of the UK Corporate Governance Code (as part of the *comply or explain* arrangements), how their board(s) and associated committees operate and their internal control and risk management systems, including reviews of the effectiveness of and any perceived or actual weakness in these systems.
- 2.2** In order to ensure that the Commission has access to appropriate and relevant information about operators and their businesses on an ongoing basis, licensees provide information as required under Condition 15.3.1, about the use made of facilities provided in accordance with the licence. In particular, they provide information about:
- the number of people making use of the facilities and the frequency of such use
 - the range of gambling activities provided by the licensee and the number of staff employed in connection with them
 - the licensee's policies in relation to, and experiences of, problem gambling.
- 2.3** Licensees already provide this information in a variety of ways and at different points in time, including:
- application stage
 - key events/other reportable events
 - regulatory returns
 - general information on request
 - compliance activity and intelligence
 - customer funds reporting by remote operators (consultation closed 13 February 2015).
- 2.4** In keeping with our risk based approach to regulation, we decide how often to conduct compliance assessments¹ – and what their focus should be – on the basis of our continuous monitoring and risk assessment of licensees. Our activity may or may not be preceded by a formal information request, or be shaped by information that licensees habitually supply. This means that we will have a higher level of regulatory involvement with operators whose activities or conduct raise concerns and / or have a major impact.
- 2.5** Some operators will always have a higher degree of impact on the market because of their size and scale or the nature of their operations. Consequently, operators with extensive operations or a significant market share will always receive a greater degree of regulatory oversight in view of the potential impact should the regulatory risks materialise.²
- 2.6** The requirement for an assurance statement from the largest operators is an extension of this approach. We consider it to be the gambling industry's regulatory equivalent of

¹ Compliance assessments may include visits to premises where gambling facilities are being provided, or management offices (mainly operators with a significant market influence) as part of a more general corporate evaluation. We consider these assessments to be a proportionate and effective means of testing resilience (risk and issue management) and conduct.

² This is also why, where inherent high risk is perceived, additional information may be required during the licensing process.

other existing disclosure requirements. It will draw together in one place a set of succinct statements giving a candid self assessment of how effectively a licensee, at the most senior levels including board, manages risk in relation to delivering the licensing objectives – a form of a warranty statement to an operator’s board and to the Commission, which we would expect to be able to rely on and for which we would hold operators accountable.

- 2.7** Well run organisations will already assess the effectiveness of their control systems in addition to documenting and reporting on these. We do not expect the assurance statement to impose a material additional burden. It should become easier as operators familiarise themselves with it.

3. Responses to the previous consultation

- 3.1** As explained in paragraph 1.1, we previously consulted on the principle of introducing an assurance statement. As part of that consultation, we shared a draft example of the assurance statement template with stakeholders at a workshop session. We also invited views on our proposal for the key position holder occupying the 'specified management office' for 'the overall management and direction of the licensee's business or affairs' (for example, the CEO) to sign off their assurance statement.
- 3.2** Non-industry stakeholders (such as faith groups and licensing authorities) supported our proposal as being necessary in their view. Respondents argued that making it a condition that the key position holder signs off the assurance statement was a good way for operators to evidence accountability and commitment to achieving the licensing objectives.
- 3.3** The industry's response was mixed. A significant number supported the principle of an assurance statement but had concerns about what the Commission might do with the information. These centred on whether the Commission would use the information to make overly-simplistic regulatory decisions, or that it would make the information publically available, for example in response to a request under the Freedom of Information Act (FOIA). Others rejected the proposal as disproportionate, a duplication of existing requirements, and were also concerned that the assurance statement risked being exposed beyond its intended audience (the operator itself and Commission).
- 3.4** Industry and some non-industry respondents were opposed to including an estimate of revenue generated from problem or at-risk gambling. The main reason was the difficulty in generating estimates and that any estimates would depend on stretching assumptions and therefore be unreliable. Other respondents suggested the Commission should prescribe a methodology to help operators.

Our position

- 3.5** We think that most of the concerns expressed can be addressed in the way we approach and use the proposed assurance statements. As indicated in [Strengthening social responsibility](#) we have therefore decided to take this proposal forward.

4. Structure and content of the assurance statement

Structure

- 4.1** We recognise that each organisation is unique. Taking an overly prescriptive approach to the content of the assurance statement may not help an operator to assess sufficiently well the particular risks facing it and how it identifies, manages and reports on those risks. Too much prescription could detract from the quality and relevance of the assurance statement. However, we anticipate that all operators would want to embed and promote effective risk management inside and outside of their organisations.
- 4.2** We expect operators, through the assurance statement, to demonstrate how they successfully manage risk and fulfil their obligations under the Gambling Act 2005 (the Act) and *Licensing conditions and codes of practice* (LCCP). We have structured the assurance statement in three parts. In particular, operators will be asked to assess and report on:
- **Part one:** the control systems and governance arrangements in place, in particular, relating to two key themes (crime prevention and social responsibility – outlined below)
 - **Part two:** actions taken in the past 12 months (prior to the submission of the assurance statement) to improve control systems and governance arrangements
 - **Part three:** plans for improving those governance arrangements and control systems in the following 12 months as well as the likely/estimated impact of those improvements.
- 4.3** We are not prescribing the exact nature of the information presented in the assurance statement. Instead operators may present the information in a way that clearly demonstrates their approach and evaluation of it in meeting the licensing objectives. The draft template at Annex A will allow operators to record this in three parts (embedding in those parts their evaluation of their approach to tackling problem and ‘at risk’ gambling), and provide links to any further relevant information.³

Content

Part one: Control systems and governance arrangements in place

- 4.4** Part one requires operators to describe briefly their core corporate control systems and governance arrangements. It should capture the operator’s key information sources, reporting processes and accountabilities to enable, primarily, the operator and the Commission to evaluate performance objectively and critically against the licensing objectives and LCCP. The explanatory note to part one of the template gives more detail on these requirements.
- 4.5** In other words, part one of the assurance statement summarises how the board and senior management of operators would, for example:
- know that what they are trying to do is best practice, and whether this remains appropriate or needs replacing
 - know if staff are giving the licensing objectives the primacy needed

³ information sources could consist of links to pages in your annual report and/or references to additional pages you may add to this statement which provide more detail on the responses.

- monitor and obtain assurance that their responsible gambling and anti-crime policies and procedures are being implemented, are working over the longer term to achieve an effective balance with commercial drivers, and do not compromise pursuit of the licensing objectives.
- assure themselves that they are tackling, and assessing their progress in addressing, problem and at-risk gambling.

4.6 We expect this part to be in summary form (approximately two pages, although it could be longer in some circumstances) referring where necessary to, but not duplicating, key documents and data (eg in regulatory returns).

Key themes

4.7 We are also proposing that the information provided in part one should have two key themes as a common thread (revisited in our explanation of parts two and three):

- crime prevention
- social responsibility.

We recommend using ‘key themes’ as a means by which operators complete the assurance statement and ensure that specific pieces of information are included. But we recognise that certain information may not be relevant to all operators and as such operators will want to structure their assurance statement narrative to reflect the nature of the business.

Key theme A - crime prevention

4.8 The crime prevention theme centres on money laundering, cheating and fraud, in particular, operators' responsibility to maintain robust anti-money laundering (AML) and betting integrity regimes.

- **AML:** Money laundering, including criminal spend, is a crime and presents a risk to the licensing objectives. All operators have specific duties under the Proceeds of Crime Act 2002 (POCA) and the 4th EU Money Laundering Directive. The latter, once adopted, will widen the Money Laundering Regulations, which currently only apply to the remote and non-remote casino sector, to all providers of gambling services. Even without that extension of the regulations, the industry continues to exhibit weaknesses in AML risk management with casework highlighting weaknesses in operators’ controls around customer due diligence, record keeping and adherence to corporate policies and processes. Advice, guidance and statements from the Commission on these matters are in the public domain and discussions on this topic continue with operators at the time of writing. We consider that the assurance statement will provide a vehicle for operators to report on the robustness of their AML regimes on an annual basis.
- **Betting integrity:** Operators providing betting services are required, under Licence Condition 15.1.2, to report any information that they know or suspect may relate to the commission of an offence under the Act (including breaches of LCCP) and/or information that they suspect may lead the Commission to consider making an order to void a bet. This could involve a single betting transaction or series of transactions, eg suspicious betting patterns over time. Operators should provide information within the assurance statement on the measures they have in place for identifying and reporting unusual or suspicious betting patterns. We are particularly interested in how operators prevent the misuse of internal information, as well as avoid conflicts of interest with commercial partners.

Key theme B - social responsibility

- 4.9** We expect operators to demonstrate how they ensure that gambling is conducted in a fair and open way and how they ensure that children and other vulnerable people are protected from being harmed or exploited by gambling.⁴ Operators could also explain how they exercise oversight or control of contractors and other service delivery partners, either as required by the LCCP or where activity could pose a risk to the licensing objectives.⁵
- 4.10** We also expect operators to indicate how far their internal systems and procedures, and knowledge of their customers, together enable them to assess the extent to which they receive revenue from people incurring harm. This is detailed further in section 5.
- 4.11** Operators could provide examples of actions or initiatives such as introducing per-premises analysis of revenue/gross gaming yield (GGY) to identify outlier premises (and subsequent analysis of significant customers), incentive schemes and test-purchasing programmes linked to successful under-age challenges. An operator could also cite how it manages risk by reflecting problem gambling research and statistics.

Parts two and three: operational changes and planned improvements

- 4.12** Parts two and three of the assurance statement focus on operators' retrospective action and future initiatives to improve delivery of the licensing objectives. It should reference the response to the key themes and any risks identified in part one.
- 4.13** In part two, operators are asked to describe any action taken to improve control systems and governance arrangements in the last 12 months, and the impact this has had on performance in relation to both key themes where applicable.
- 4.14** In part three, operators are asked to summarise any ongoing or proposed action to improve their control systems and governance arrangements in the next 12 months. Relating to the two key themes, where appropriate, operators should indicate the action's planned or intended impact on performance.
- 4.15** Parts two and three should summarise perceived weaknesses or areas for development and how they are being resolved. As well as identifying remedial action to address shortcomings, it provides operators with an opportunity to outline any activity to implement industry best practice, and to set future direction on strategy, markets, products and other delivery methods. We expect a response to these elements to be in summary form (approximately one page for each part), although in some circumstances this could be exceeded.

⁴ For example, relating to the social responsibility code provisions set out in Part II of the LCCP and in ordinary code provisions of the LCCP which set out good practice.

⁵ Examples could include licensed software suppliers, agents and advertising associates. Licence Condition 2.2.1 for gambling software, social responsibility code provisions 1.1.2 and 1.1.3 for third parties.

Consultation question

- Q1. Do you have any comments on the proposed structure and content of the assurance statement?
- Q2. Do you agree with the two key themes as the appropriate basis for a 'common thread' through the assurance statement? Do you think these should be subdivided into more specific risks?
- Q3. To what extent can the assurance statement draw on existing reports, audits or evaluations made to the board and senior management within your organisation?

5. Tackling problem and ‘at-risk’ gambling

- 5.1 In the [*Proposed amendments to the social responsibility provisions in the licence conditions and codes of practice*](#), consultation we suggested that operators should include in their assurance statements estimates of the revenue generated from problem or at-risk gambling. We argued that this would help operators to focus their player protection and harm minimisation efforts. We were not expecting operators to produce a definitive figure. Instead, we were looking for proxy indicators which might well vary from operator to operator. Our objective was to encourage operators to become more effective at:
- I. identifying problem and at-risk gambling
 - II. tackling it
 - III. tracking their progress in tackling problem and ‘at-risk’ gambling.
- 5.2 In so doing, operators would reduce gambling-related harm. We fully accept that the amount of revenue from those gambling excessively would be an incomplete or partial measure of harm from gambling. Some players can experience significant levels of harm while spending relatively little. But it would be a measure of the extent to which businesses receive money from people experiencing harm, and it is likely to be a helpful proxy measure of harm related to gambling.
- 5.3 We consider it essential for the industry to make significant progress with harm reduction objectives, and welcomed the offer of help to explore the issues more widely. We convened a small, informal consultation group accordingly to help develop thinking. The group’s work has helped to inform an approach, for which the Commission takes sole responsibility and on which we are now seeking views.
- 5.4 We think that current research and evidence is a useful basis from which operators can build their understanding of problem and ‘at risk’ gambling. For example, operators might wish to use the reference material in annex B as a starting point to identify, within their relevant product mix, customer groups which present the strongest indications of problem and ‘at risk’ gambling. We expect licensees to go on to explore how they might incorporate socio-economic and behavioural indicators into their own analyses.
- 5.5 The reference material includes detail of both the most vulnerable group by age and gender, as well as the biggest at-risk or problem gambler group in absolute numbers (see the technical notes to annex B). To help identify and tackle problem or ‘at-risk’ gambling, operators could use the available data – with reference to products they sell or the markets in which they operate – to identify demographic groups that contain the highest risk within the wider population.
- 5.6 To give an example, an operator holding licences (remote and non-remote) issued by the Commission and offering football pools, machines in bookmakers, betting online and betting on horse and dog races and other events may wish to use the data in the columns for those products to identify particular groups that present as having a higher proportion of problem or at risk gamblers. In this example, those groups are highlighted below:

		Football Pools	Machines in bookmakers (virtual roulette, poker, blackjack or other games)	Online betting with a bookmaker	Betting on horse races (not online)	Betting on dog races (not online)	Betting on other events (not online)
Overall participation¹	%	3%	3%	5%	10%	3%	1%
	Population ²	1,432,876	1,432,876	2,388,126	4,776,253	1,432,876	477,625
	Base size ³	330	268	502	1,134	267	124
Problem gambler⁴	%	4.0%	7.2%	3.8%	2.3%	4.2%	12.9%
	Population	57,315	103,167	90,749	109,854	60,181	61,614
Moderate risk⁵	%	8.3%	14.7%	6.3%	4.0%	5.8%	10.5%
	Population	118,929	210,633	150,452	191,050	83,107	50,151
Problem or moderate risk gambler	%	12.3%	21.9%	10.1%	6.3%	10.0%	23.4%
	Population	176,244	313,800	241,201	300,904	143,288	111,764
Age profile of problem and moderate risk gamblers	16-24	29%	30%	34%	19%	20%	26%
	25-34	52%	28%	33%	20%	26%	40%
	35-44	8%	25%	24%	25%	28%	13%
	45-54	0%	7%	0%	10%	10%	5%
	55-64	4%	5%	5%	10%	7%	14%
	65-74	7%	2%	4%	11%	3%	3%
	75+	0%	3%	0%	5%	7%	0%
Gender profile of problem or moderate risk gamblers	Male	93%	89%	88%	91%	98%	100%
	Female	7%	11%	12%	9%	2%	0%
Most vulnerable age and gender group⁶	Men aged 25-34	Men aged 55-64	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 16-24
% of most vulnerable group who are problem or moderate risk gamblers	26.2%	42.9%	25.0%	21.8%	26.3%	43.6%	
Number of most vulnerable group who are problem or moderate risk gamblers	75,202	145,500	75,681	56,102	38,025	27,931	
Biggest problem or moderate risk gambler group⁷	Men aged 25-34	Men aged 16-24	Men aged 16-24	Men aged 35-44	Men aged 35-44	Men aged 25-34	

We would not necessarily expect operators to focus exclusively on groups with the highest percentage of problem or moderate risk gamblers. In the above example, the under 24 and 25-34 age groups taken together account for approximately two thirds of all problem and moderate risk gamblers across all the product types. Machines in bookmakers, online betting, betting on horses and betting on dogs all have a third age group (35-44) with a high percentage of problem and moderate risk gamblers, and so it would be appropriate for operators to focus on that age group as well.

5.7 We would then expect each operator to provide a report in its assurance statement on how it has:

1. developed tools to identify problem and at-risk gambling according to the circumstances of its own business, building where relevant on the Commission's reference material
2. acted to address the risk, using metrics to show the scale of action
3. evaluated the effectiveness of those actions

4. assessed the impact of its actions on the extent to which its revenues are likely to come from moderately at-risk or problem gamblers
5. drawn on experience over the previous year to identify additional actions that it will pursue over the following year.

5.8 We would expect the fourth item to comprise a narrative assessment supported, wherever possible, by indicators or proxy measures. We understand and accept that it is impossible to provide an exact figure for revenue associated with harmful or potentially harmful play. However, it should be possible for each operator to draw on the information gathered under points 1 to 3 to form an assessment that is meaningful in the context of its own business. For example, betting and machine revenue from young men is likely to contain a higher proportion of revenue from those at moderate to serious risk of harm from gambling than revenue from older women playing main stage bingo.

5.9 For the fifth item, we would expect operators to look not only to their own experience, but also to shared industry experience and evaluation of what measures work.

5.10 We will support operators' efforts with all of these items by working collaboratively through discussion groups and other means to help develop and share best practice.

Consultation questions

- Q4. Do you agree with the premise of points 1-5 as a basis for operators to report on?
- Q5. If not, what alternative information would you suggest is provided, to give the necessary assurance on how operators are tackling problem and 'at risk' gambling?

6. Implementation

Market share

- 6.1** We are looking to capture information in the assurance statement from gambling operators who have an annual gross gambling yield (GGY) of £25million or above generated in reliance of holding a Commission licence (and where reported to the Commission).⁶ This represents approximately 90% of the total current GGY of all operators licensed by the Commission. As a guide, this is about 40 organisations, which are either individual licence holders or are part of a group structure. We take the view that this strikes a reasonable balance between getting satisfactory coverage and not imposing an undue burden on smaller operators.
- 6.2** We will adopt a flexible approach to how the assurance statement might apply in future to account for fluctuations in market share. For example, we might opt to impose a minimum requirement period (eg of three years). This ensures that we can maintain a reasonable level of oversight of operators should their market share change dramatically from one year to the next. We will, in any case, give advance notification to operators required to complete the assurance statement.
- 6.3** We will not need to ask the National Lottery operator (Camelot) to provide an assurance statement. Camelot is already subject to more detailed oversight of its sources of revenue and impact on players by the Commission by virtue of our duties under the National Lottery etc. Act 1993.

Submission

- 6.4** We propose that operators will submit their first assurance statement between 1 October and 31 December 2015. This submission will cover the preceding 12 months (for companies whose reporting cycle runs from April-March, that means that the submission will cover the first six months of the 2015/16 financial year as well as the final six months of the 2014/15 financial year). In addition, it will look forward into 2016.
- 6.5** The first submissions will be made as part of a pilot, where we aim to learn from the first year and, where necessary, give further support to operators ahead of future submissions. We will write to operators in summer 2015 to confirm submission timescales and the licensed entities for which an assurance statement will be required.
- 6.6** In future, the submission window may change, so, for instance, operators might be able to align their submission with their annual financial audit, the end of their financial year, the publication of their annual report, or their internal reporting cycle.
- 6.7** Finally, we intend that the key position holder occupying the 'specified management office' for 'the overall management and direction of the licensee's business or affairs' (for example, the CEO)⁷ will sign-off the assurance statement following Board approval.

Making use of the assurance statement information

- 6.8** Industry stakeholders raised concerns about what we will do with the assurance statement information. These concerns included whether we will 'rank' operators in a league table or make public any of the information contained within the assurance statement, including disclosing information under the FOIA.

⁶ Gross revenue for business-to-business operators

⁷ See Section 80 of the Gambling Act 2005.

- 6.9** We will use the information as part of wider risk assessments, but do not intend to publish assurance statements. However, the Commission falls within the remit of the FOIA provisions covering public bodies. As such, we are not in a position to guarantee that information we hold will not be released into the public domain, especially where the information may be more generic in nature or already in the public domain, eg through annual reports.
- 6.10** Nevertheless, our view is that the FOIA would support a decision to exempt commercially confidential information in the assurance statements from being disclosed in a manner which reveals operator's identity. While decisions have to be made on a case by case basis we would expect to successfully argue that disclosure of detailed commercially confidential information provided as part of an assurance statement would not be justified on public interest grounds.

Consultation question

- Q6. What are your views on the proposal to make it an obligation on operators to report for a minimum period once they are 'in scope'?
- Q7. What should a minimum period be?
- Q8. What are your views on the proposals for the process for submission of the assurance statement, in particular:
- a) your views on submitting as a pilot in year one (2015/16 FY)
 - b) flexibility around submission in future years (for instance, allowing operators to align the submission of the assurance statement with the publication of their annual report)
 - c) whether and how to ensure the statement has the Board or equivalent's endorsement.

7. Responding to this consultation

- 7.1** The closing date for responses to this consultation is **19 April 2015**.
- 7.2** The Commission is inviting comments on these proposals and would prefer respondents to complete the responses template provided on our website and send it by email to: consultation@gamblingcommission.gov.uk
- 7.3** Further information and assistance is available from the Commission's consultation co-ordinator at the same email address. If you are not able to use the template provided, please indicate clearly the questions or issues to which your comments refer.
- 7.4** Alternatively, responses can be sent by post to:
Consultation
Gambling Commission
Victoria Square House
Victoria Square
Birmingham
B2 4BP
- 7.5** The closing date for receipt of responses by the Commission is **19 April 2015**.
- 7.6** When responding, please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of an organisation, please make clear who or what that organisation represents. If responding as an individual, please mention your own interest.
- 7.7** Please note that responses may be made public or published in a summary of responses to the consultation unless you state clearly that you wish your response or name to be treated confidentially. Confidential responses will be included in any statistical summary of numbers of comments received. If you are replying by email or via the website, unless you specifically include a request to the contrary in the main text of your submission, the Commission will assume your consent overrides any confidentiality disclaimer that is generated by your organisation's IT system.
- 7.8** Information or material sent to us and which we record may be subject to the Freedom of Information Act 2000 (FOIA). The Commission's policy on release of information is available on request or by reference to our website at www.gamblingcommission.gov.uk.
- 7.9** The Commission will treat information marked confidential accordingly and will only disclose that information to people outside the Commission where it is necessary to do so in order to carry out the Commission's functions or where the Commission is required by law to disclose the information. As a public authority the Commission must comply with the requirements of FOIA and must consider requests for information made under the FOIA on a case-by-case basis. Therefore when providing information, if you think that certain information may be exempt from disclosure under FOIA, please annotate the response accordingly so that we may take your comments into account.
- 7.10** All information provided to the Commission will be processed in accordance with the Data Protection Act 1998. However, it may be disclosed to government departments or agencies, local authorities and other bodies when it is necessary to do so in order to carry out the functions of the Commission and where the Commission is legally required to do so.

7.11 The Commission will consider all responses carefully when finalising its proposals, but will only alter its position if it thinks there is good reason to do so. Following the end of the consultation the Commission will prepare a summary of responses, which it will publish alongside the finalised documents.

February 2015

Keeping gambling fair and safe for all

For further information or to register your interest in the Commission please visit our website at: **www.gamblingcommission.gov.uk**

Copies of this document are available in alternative formats on request.

Gambling Commission
Victoria Square House
Victoria Square
Birmingham B2 4BP

T 0121 230 6666
F 0121 230 6720
E info@gamblingcommission.gov.uk

CON 15/01

Annex A: Draft assurance statement template and explanatory notes

ANNUAL STATEMENT OF ASSURANCE EVIDENCING PERFORMANCE RELATING TO THE LICENSING OBJECTIVES

Part 1: Description of control systems and governance arrangements

Please describe the control systems and governance arrangements in place, that enable you to objectively and critically evaluate your levels of performance against the licensing objectives and LCCP

Explanatory Note:

We expect that the description of your control systems and governance arrangements will show that they:

- *are **appropriate** to the size and type of your organisation*
- *enable you to **objectively and critically evaluate** your performance against the Licensing Objectives and LCCP, **including in respect of the key themes of crime prevention and social responsibility***
- *ensure that you act in accordance / take into account **the Commission's advice and guidance** and its approach to regulation⁸*
- *enable you to **understand the characteristics of your customer base and circumstances of your business** to identify potential problem and at-risk gambling and evaluate the effectiveness of your approach*
- *provide key evidence/indicators in a **continuous and timely manner***
- *ensure that the evidence (outlined above) is **valid and reliable** (and, where applicable, highlights independent research relating to the key themes above)*
- *ensure that your governance arrangements have **appropriate oversight** of your internal systems of compliance assurance and gambling service provision which involves external associates/affiliates/third-party suppliers*
- *give the management team (and the Board where applicable) the authority and freedom to **scrutinise and challenge** any behaviour that conflicts with your responsibilities under the licensing objectives and the LCCP, and to*
- *ensure that your **commercial interests do not conflict** with your responsibilities under the licensing objectives and the LCCP*
- *constitute industry **best practice***

(Note - We would commonly expect a response to this part of the assurance statement to be in summary form consisting of up to two pages of text, although this could be exceeded if your company circumstances required this).

⁸ As set out in the Statement of Principles and Licensing, Compliance & Enforcement Policy Statement

Part 2: Improvements in last 12 months

Please describe any action taken to improve your control systems and governance arrangements in the last 12 months, and the impact this has had on your performance in relation to each of the themes outlined in Part 1, where applicable to your business

Explanatory Note:

With reference to the Explanatory Note in Part 1 and your response to Part 1, we expect your description to include what, if any, action (e.g. practical improvements to systems/governance/behaviours) has been taken in your business in the last 12 months up to the date of the completion of this assurance statement including your reasons for undertaking this action, e.g. respond to new risks or products; changing views of best practice or to remedy past weaknesses.

Please also explain how you assure yourself that any action(s)/improvement(s) undertaken has occurred, or is occurring, in practice, as well as how it has produced/is producing intended outcomes/benefits, or may have resulted in unintended consequences.

If there are ongoing actions/improvements, please reference these here and provide a detailed record in your response to Part 3.

(Note - We would commonly expect a response to this part of the assurance statement to be in summary form and consist of up to one page of text, although this could be exceeded if your company circumstances required this).

Part 3: Improvements in next 12 months

Please summarise any ongoing or new action you propose to take to improve your control systems and governance arrangements in the next 12 months, and the impact this will have on your performance in relation to each of the themes outlined in Part 1, where applicable to your business

Explanatory note:

With reference to the explanatory note to parts 1 and 2, and your responses to parts 1 and 2, we expect your description to include what, if any, action you intend to take in your business in the next 12 months (e.g. practical improvements to systems/governance/behaviours and what you intend these to achieve) from the date of completion of this assurance statement.

Please also explain how you will ensure successful implementation of any planned improvements and how you plan to test for/realise the benefits these actions will produce.

(Note - We would commonly expect a response to this part of the assurance statement to be in summary form and consist of up to one page of text, although this could be exceeded if your company circumstances required this).

Declaration

I confirm that the information is true, accurate and complete, and that all material information has been included in this statement

I confirm that the statement has been endorsed by the board and management team.

I understand that the Gambling Commission may require further information when conducting any test of the control systems and governance arrangements described in this statement.

Signature of the specified management office holder who has responsibility for the overall management and direction of the licensee's business or affairs⁹ (e.g. Chief Executive Officer/Managing Director):

Signature:

Position in organisation:

Print name:

Date:

⁹ See Section 80 of the Gambling Act 2005.

Annex B: Reference material

		National Lottery Draw	Scratchcards	Other lotteries	Football Pools	Bingo in person (not online)	Fruit machines/slot Machines	Machines in bookmakers (virtual roulette, poker, blackjack or other games)	Casino table games in person (not online)	Online gambling on slots, casino, instant win or bingo games	Online betting with a bookmaker	Using a betting exchange	Betting on horse races (not online)	Betting on dog races (not online)	Betting on sports events (not online)	Betting on other events (not online)	Spread-betting
Overall participation ¹	%	52%	19%	14%	3%	5%	7%	3%	3%	3%	5%	1%	10%	3%	5%	1%	1%
	Population ²	26,668,916	9,074,881	6,686,754	1,432,876	2,388,126	3,343,377	1,432,876	1,432,876	1,432,876	2,388,126	477,625	4,776,253	1,432,876	2,388,126	477,625	477,625
	Base size ³	6,437	2,117	1,742	330	693	708	268	308	299	502	81	1,134	267	492	124	54
Problem gambler ⁴	%	0.9%	1.7%	1.8%	4.0%	3.4%	2.6%	7.2%	6.0%	6.3%	3.8%	10.6%	2.3%	4.2%	5.8%	12.9%	20.9%
	Population	240,020	154,273	120,362	57,315	81,196	86,928	103,167	85,973	90,271	90,749	50,628	109,854	60,181	138,511	61,614	99,824
Moderate risk ⁵	%	1.6%	3.1%	2.8%	8.3%	3.4%	6.5%	14.7%	6.4%	11.2%	6.3%	6.8%	4.0%	5.8%	9.0%	10.5%	21.8%
	Population	426,703	281,321	187,229	118,929	81,196	217,320	210,633	91,704	160,482	150,452	32,479	191,050	83,107	214,931	50,151	104,122
Moderate risk or problem gambler	%	2.5%	4.8%	4.6%	12.3%	6.8%	9.1%	21.9%	12.4%	17.5%	10.1%	17.4%	6.3%	10.0%	14.8%	23.4%	42.7%
	Population	666,723	435,594	307,591	176,244	162,393	304,247	313,800	177,677	250,753	241,201	83,107	300,904	143,288	353,443	111,764	203,946
Age profile of problem and at-risk gamblers	16-24	18%	28%	27%	29%	38%	27%	30%	25%	47%	34%	21%	19%	20%	25%	26%	39%
	25-34	18%	27%	23%	52%	18%	25%	28%	30%	5%	33%	42%	20%	26%	37%	40%	51%
	35-44	25%	19%	13%	8%	14%	25%	25%	18%	37%	24%	16%	25%	28%	20%	13%	5%
	45-54	14%	10%	14%	0%	16%	14%	7%	13%	0%	0%	0%	10%	10%	10%	5%	0%
	55-64	9%	10%	9%	4%	7%	3%	5%	9%	6%	5%	16%	10%	7%	8%	14%	0%
	65-74	11%	4%	8%	7%	4%	3%	2%	4%	5%	4%	6%	11%	3%	0%	3%	5%
	75+	6%	2%	5%	0%	2%	2%	3%	1%	0%	0%	0%	5%	7%	0%	0%	0%
Gender profile of problem and at-risk gamblers	Male	84%	79%	83%	93%	56%	79%	89%	78%	69%	88%	93%	91%	98%	98%	100%	100%
	Female	16%	21%	17%	7%	44%	21%	11%	22%	31%	12%	7%	9%	2%	2%	0%	0%

	National Lottery Draw	Scratchcards	Other lotteries	Football Pools	Bingo in person (not online)	Fruit machines/slot Machines	Machines in bookmakers (virtual roulette, poker, blackjack or other games)	Casino table games in person (not online)	Online gambling on slots, casino, instant win or bingo games	Online betting with a bookmaker	Using a betting exchange	Betting on horse races (not online)	Betting on dog races (not online)	Betting on sports events (not online)	Betting on other events (not online)	Spread-betting
Most vulnerable age and gender group⁶	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 25-34	Men aged 16-24	Men aged 16-24	Men aged 55-64	Women aged 45-54	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 16-24
% of most vulnerable group who are at-risk / problem gamblers	11.7%	12.6%	38.7%	26.2%	50.0%	14.9%	42.9%	25.0%	36.3%	25.0%	26.5%	21.8%	26.3%	17.9%	43.6%	82.4%
Number of most vulnerable group who are at-risk / problem gamblers	82,835	82,413	56,863	75,202	38,435	70,041	145,500	71,813	68,945	75,681	19,421	56,102	38,025	70,139	27,931	66,718
Biggest at-risk / problem gambler group⁷	Men aged 35-44	Men aged 16-24	Men aged 16-24	Men aged 25-34	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 16-24	Men aged 25-34	Men aged 35-44	Men aged 35-44	Men aged 25-34	Men aged 25-34	Men aged 25-34

¹Participation in gambling activities has been determined by whether the respondent had spent money on an activity in the last 12 months.

²Population estimates based on the Annual Mid-year Population Estimates for England 2012, and General Register Office for Scotland 2012 Mid-year Population Estimates.

³Base size indicates the actual number of respondents in the survey who confirmed gambling participation in each activity.

⁴Problem gamblers have been identified as those participants who were defined as such on either the DSM-IV screen (found in the Diagnostic and Statistical Manual of Mental Disorders, 4th Edition) or the PGSI screen (Problem Gambling Severity Index).

⁵Moderate risk gamblers have been identified as those participants who scored within the moderate risk gambler threshold on the PGSI screen.

⁶Age and gender group with the highest proportion of moderate risk or problem gamblers. The overall rate of participation and survey base sizes should be considered when interpreting these groupings.

⁷The age and gender group with the largest number of moderate risk or problem gamblers. The overall rate of participation and survey base sizes should be considered when interpreting these groupings.

Technical notes

- These statistics have been compiled using combined data on gambling participation and problem gambling from the Health Survey for England (HSE) 2012 and the Scottish Health Survey (SHeS) 2012.
- Data collection for both surveys was carried out by NatCen using a self-completion booklet, with gambling participation data obtained from participants aged 16 or over.
- In total 11,774 respondents answered the gambling participation questions.
- Following data collection the data from both surveys were combined to produce one dataset, and weighted to match the overall population distribution of England and Scotland.
- The full survey methodology, details of the survey questions and problem gambling screens used, and primary findings from the surveys can be found in the following document: Findings from the Health Survey for England 2012 and Scottish Health Survey 2012