GAMBLING COMMISSION

Annual Report & Accounts

2020-2021

HC 364

Making gambling fairer and safer

Annual Report & Accounts

For the period 1 April 2020 to 31 March 2021

Presented to Parliament pursuant to Paragraphs 14 and 16 of Schedule 4 of the Gambling Act 2005 and Section 14(3) and Paragraph 11(4) of Schedule 2A of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998 and the National Lottery Act 2006).

Ordered by the House of Commons to be printed on 15 July 2021

Laid before the Scottish Parliament by the Scottish Ministers on 15 July 2021

HC 364

SG/2021/84

GAMBLING COMMISSION

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at

Gambling Commission, Victoria Square House, Victoria Square, Birmingham B2 4BP.

ISBN 978-1-5286-2565-4

CCS0421440008

Printed on paper containing 75% recycled fibre content minimum.

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office.

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GAMBLING
COMMISSION

Overview

Who we are

The Gambling Commission exists to make gambling fairer and safer.

We do that by licensing and regulating in the public interest and providing advice and guidance. We want a fair and safe gambling market where all consumers and the interests of the wider public are protected. We are an independent non-departmental public body sponsored by the Department for Digital, Culture, Media and Sport (DCMS) and license operators and individuals in Britain that provide arcades, gaming machines, betting, lotteries, bingo, remote gambling (online, telephone), casinos and gambling software. We are also responsible for awarding the licence and regulating the operator of the National Lottery.

Performance report

There are two main pieces of legislation that underpin our work:

- the Gambling Act 2005 (as amended) which sets the framework for the regulation of gambling in Britain
- the National Lottery etc. Act 1993 which sets out the framework within which we regulate the National Lottery.

We have **340** employees, most of whom are normally based at our Birmingham office. There are also around **20** people based in London working on the 4th National Lottery Licence Competition.

Licensing objectives

We regulate in the public interest, as guided by our statutory duties, to:

- prevent gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime
- ensure that gambling is conducted in a fair and open way
- protect children and other vulnerable persons from being harmed or exploited by gambling.

In respect of the National Lottery, our objectives are to ensure that:

- every lottery that forms part of the National Lottery is run with all due propriety
- the interests of every participant in the National Lottery are protected
- subject to the above two duties, to secure that the net proceeds of the National Lottery are as great as possible.

Foreword

We present our latest Annual Report and Accounts following what has been a hugely testing and difficult year for everyone across the world – caused by the devasting effects of the global Covid-19 pandemic.

The pandemic has had a bearing on all corners of daily life and the economy, whilst also widely impacting on the gambling industry, its people and its customers, whether they be on the high street or online.

We identified in the very early stages of the pandemic the significant impacts on our regulatory approach and took action to devise a new model and ways of working to protect consumers. In May 2020, and whilst recognising the difficulties operators have had to face, this included instructing tighter measures to protect consumers such as banning reverse withdrawals and requesting improved affordability checks with more people being based at home due to lockdown.

The pandemic, which included the closure of land-based operations due to lockdown, has not affected our tough enforcement regime which aside from licence suspensions and revocations, saw over **£30 million** issued in fines or regulatory settlements in the past 12 months.

Building on the consumer protections we have introduced, and our rule changes which will vastly improve the safety and design of online casino games and clean up the malpractice of so-called VIP schemes, we also launched our new three-year Corporate Strategy in April alongside our annual business plan.

The Strategy, which will take us through to 2024, is based on five refreshed priority areas and will give improvements around:

- Protecting children and vulnerable people
- Ensuring a fairer market
- Keeping crime out of gambling
- Optimising returns to good causes from the National Lottery and;
- Improving how we regulate.

Ultimately, it will build on the success of our previous strategy, with the gambling industry now in a different place in terms of technology, innovation and the daily operational changes which will be brought by Covid-19.

The launch of our new Corporate Strategy also comes at a time where we enter the third and final year of the National Strategy to Reduce Gambling Harms. The Strategy has done so much to promote a long-term, health-led approach to dealing with gambling harms and we have seen widespread support from our public health and statutory partners across England, Scotland and Wales.

Now into the last 12 months, the Strategy's steering and implementation groups will be vital in delivering and driving the priorities through the Strategy's action map – allowing us to evaluate its success and importantly, the next steps for the years ahead in terms of research, education and treatment.

Turning to the wider external environment, in November we published our first ever National Strategic Assessment which assessed the issues and risks gambling presents to consumers and the public, alongside our priorities to address those risks and where progress has already been made.

Shortly after the launch of that document, December saw the start of the Government's Review of the 2005 Gambling Act. Given the Review is considering our own powers and resources, as the statutory advisor to the Secretary of State, we are contributing our advice and expertise to the Review which we hope will allow us to build on our work to make gambling safer.

We are keen to see the outcomes the Review will bring for the industry and consumers, alongside the Fees Review, allowing us to be even more effective in regulating what is a fast-paced, constantly evolving sector.

We also responded last summer to three key reports into gambling regulation, including from MPs and the House of Lords. We are considering the wider points raised and also taking a variety of actions to address the recommendations made within those reports.

The ever-changing industry was also reflected in our decision this year to introduce another advisory panel – this time so we can officially hear the independent voices of those with lived experience of gambling harms. The new Lived Experience Advisory Panel (LEAP) is already helping to inform our decision making as part of a wide range of evidence we must consider and sits closely alongside our work with the Digital Advisory Panel (DAP) and the Advisory Board for Safer Gambling (ABSG). All three chairs from these advisory bodies are now also attending our Board meetings on a regular basis, reflecting the importance of their views and evidence.

Staying on collaboration with our stakeholders, despite the impacts of Covid-19, we worked hard to maintain our stakeholder and partner engagement over the past year. This included a briefing with industry CEOs and a separate session with the chairs of a variety of gambling operators, which gave us the opportunity to discuss key regulation and consumer protection issues. We value those relationships greatly and hope to continue to build on those, continuing to work alongside our sponsored

We have continued to strongly regulate the National Lottery which has had another successful year despite the challenges of the pandemic – whilst ensuring the operator protects players and maximises returns to good causes, especially after such a tough 12 months. A further **£1.83** billion going to good causes through the National Lottery over the past year is another excellent milestone and the financial support given to the arts, sports, heritage and charities was vital.

The competition for the fourth National Lottery licence is now successfully underway and we plan to announce the winner within the current financial year following the fair and open contest we are currently overseeing. This follows a delay to the launch of the competition by three months which was due to the unique circumstances caused by the Covid-19 pandemic.

In closing, we would like to say thank you to everyone across the Commission for their huge amount of hard work, commitment and professionalism over the past year. We would also like to thank former chief executive Neil McArthur, who left earlier this year, for his contribution to the Commission over many years.

We have regulated through difficult and unprecedented circumstances but are in a good position for the year ahead as lockdown restrictions begin to ease for the whole of the country.

William Moyes
Chairman

Sarah Gardner
Deputy Chief Executive
(Joint Acting Chief Executive)

Sally Jones
Chief Operating Officer
(Joint Acting Chief Executive)

Overview of the British gambling sector

The following pages cover key statistics relating to the gambling industry in Great Britain during 2020-21.

Due to the Covid-19 pandemic, we have been monitoring how the continued measures and changing lockdown restrictions across Great Britain have impacted gambling behaviour – especially the ways in which people are gambling. Those specific changes and risks, along with our priority actions, were covered in our first National Strategic Assessment which was published in November 2020.

We have monitored gambling behaviour during the pandemic by gathering, analysing and publishing data from operators, as well as conducting consumer research. Released on a monthly basis, the publications can be found on our website.

We have continued to stress the need for extra operator vigilance and they still need to be mindful that:

- People will still be spending more time at home and online, and many are likely to be feeling more isolated and vulnerable as a result of the length of the pandemic period, the restrictions that are still in place and further uncertainty about their personal or financial circumstances.
- Some consumers, such as highly engaged gamblers who play a range of products, are likely to spend more time and money gambling, and;
- There are consumers who may be gambling for the first time.

With the level of restrictions under constant review, during the coming months and over the next financial year we will continue to urge operators to be mindful about the potential of some consumers to increase their spend on some of the more intensive products whilst at the same time still engaging in real event betting activity such as sports.

The industry

- Total GGY of British gambling industry: **£14.2 billion**[1] – down *0.6%* when compared to April 2018-March 2019
- Total GGY of British remote/online sector up **8.1%**[1] when compared to April 2018-March 2019

Graph A) Gross gambling yield (£m)[1] vs participation[2*]

All gambling	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
In-person gambling	4,883	4,646	4,772	4,964	5,220	5,340	5,493	5,429	5,584	5,554	5,438	4,427
Lotteries (in person and online)	2,665	2,838	3,010	3,353	3,553	3,394	3,582	3,797	3,421	3,510	3,620	4,012
Online gambling (excluding lotteries)	1,405	1,668	2,036	2,290	2,727	2,979	3,548	4,231	4,775	5,347	5,267	5,681
Past 4 week participation rate				57%	55%	53%	45%	48%	45%	46%	47%	42%
Past 4 week online participation rate				14%	15%	16%	15%	17%	18%	19%	21%	24%

In Great Britain, there are:

- **156** casinos[1]
- **646** bingo premises[1]
- **7,681** betting shops[1]
- **1,615** licensed arcades[1]
- **191,826** gaming machines[1]
- **696** active remote licensees

Consumers

- Approximately **22.1 million**[2] adults gambled in 2020 – *down 2.6 million since 2019*
- Approximately **12.1 million**[2] adults gambled online in 2020 – *up 1.3 million since 2019*
- **50%**[3] of online gamblers use their mobile to gamble – *stable since 2019*
- **29%** of people in Great Britain agree that gambling is conducted fairly – but still a decrease from 2016. Our consumer and industry engagement work therefore continues to be of vital importance.

Consumer trust in gambling

Graph B) Respondents agreeing that gambling in this country is conducted fairly and can be trusted[2]

	2016	2017	2018	2019	2020
All respondents	34%	33%	30%	29%	29%
Gambled in past 12 months	38%	38%	34%	32%	32%
Not gambled in past 12 months	29%	27%	25%	25%	25%

Move to mobile

Graph C) Devices used for online gambling in the past four weeks[3]

	2016	2017	2018	2019	2020
Laptop/PC/Tablet	92%	86%	77%	71%	71%
Mobile	29%	39%	44%	50%	50%

Sources: 1. Industry statistics 2019-2020. Published in November 2020
2. Quarterly Telephone Survey — Year to Dec 2020.
3. Quarterly Online Tracker – Year to Dec 2020
4. Health Survey for England 2018

Increases and decreases shown from Sources 1 and 3 are based on percentage point changes.

Overview of the British gambling sector continued

- **2.5 million** bet on football[2] – *down 0.5 million since 2019*
- **20%** of online gamblers bet in play[3] – *down 1% since 2019*
- **6%** of gamblers self excluded[3] – *up 1% since 2019*
- Approximately **245,000** adults in England are problem gamblers[4]
- **1.2 million** adults in England are low risk gamblers[4]
- **380,000** adults in England are classed as at moderate risk[4]

National Lottery

- **£1.83 billion** raised for good causes during 2020-2021
- Over **£43 billion** raised for good causes since 1994
- Approximately **14 million** reported buying a National Lottery ticket in the past four weeks[2]

THE NATIONAL LOTTERY®

Sources: 1. Industry statistics 2019-2020. Published in November 2020
2. Quarterly Telephone Survey — Year to Dec 2020.
3. Quarterly Online Tracker – Year to Dec 2020
4. Health Survey for England 2018

Increases and decreases shown from Sources 1 and 3 are based on percentage point changes.

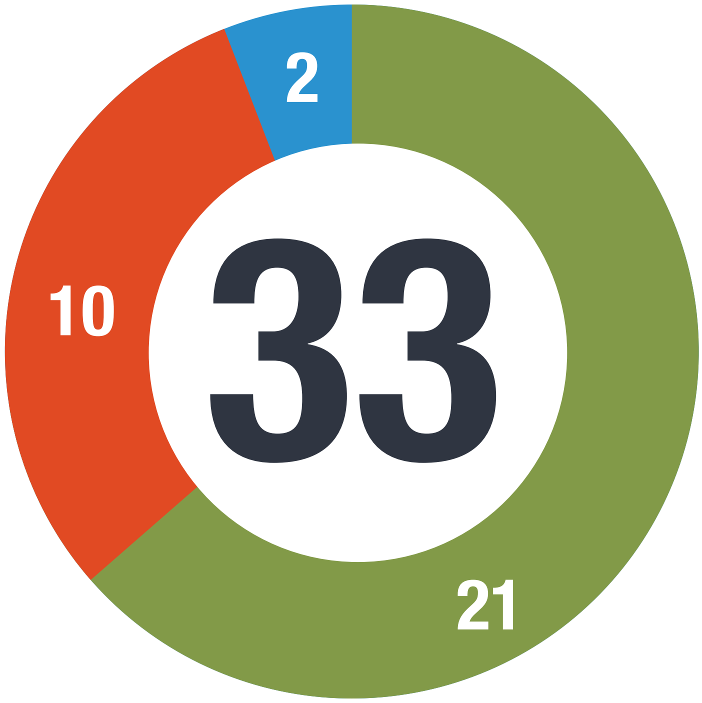
A year in review– delivery of our corporate business plan

In this section we reflect on the work we have done in the final year of our three-year Corporate Strategy to ensure strong regulation while protecting consumers from gambling harm. As set out in our corporate business plan, our five key focus areas are:

- Protect the interests of consumers
- Raise standards in the gambling market
- Prevent harm to consumers and the public
- Improve the way we regulate
- Optimise returns to good causes from lotteries.

Summary of achievements – 2020-21 corporate business plan milestones

- **33** milestones were due
- **21** milestones were achieved
- **10** were rescheduled and will be delivered during 2021-22
- **2** milestones were superseded.



The following gives details of the Commission's milestones which were superceded or replanned during 2020-21:

Milestones superseded:

- Complete a review of online gambling protections, including controls on stakes and prizes
- Enhance the functionality of our risk assessment tool

Milestones replanned:

- Advise the Secretary of State on the Government's review of the Gambling Act 2005
- Publish an evaluation of our actions to reduce the risk of harm to children and young people
- Review our approach to measuring participation and prevalence and publish conclusions
- Deliver industry events and a programme of initiatives to raise standards
- Publish clearer documentation about our Corporate Governance process
- Improve the licence application process
- Implement changes to our Governance framework and practices
- Implement agreed proposals to improve our approach to regulatory data
- Provide centralised support for impact evaluation
- Enhance staff engagement including a Commission-wide staff conference.

A year in review – delivery of our corporate business plan continued

Protect the interests of consumers

Consumers are at the heart of our regulatory approach. As gambling behaviour evolves, we work hard to stay on top of emerging trends, including those caused by the Covid-19 pandemic, to ensure our work is focused in the right areas.

Over the past 12 months we have continued to remind commercial operators of their social and consumer responsibilities and taken decisions, supported by research and our relations with external stakeholders, to take appropriate regulatory actions.

Our key activities in this area were:

- Along with strict guidance, we wrote to online operators upon the outbreak of the Covid-19 crisis reminding them of their responsibilities to their customers with millions of people having to observe social distancing rules. This included us issuing new guidance after seeing evidence that some people may have been at greater risk of harm during lockdown. Included in that guidance were the need for affordability checks, the prevention of reverse withdrawals and restrictions on bonus offers.
- Our Consumer Contact Centre continues to be the main point of contact for the public and players. During the 2020-21 financial year, the team received **9,304** complaints from consumers about operators which helped support and inform our regulatory approach.
- We commissioned a piece of consumer research to understand how we can best inform consumer decision-making and assist harm prevention.
- Through our research and insights we have constantly analysed data, markets, products and trends. These insights allow us to look at the risks and opportunities in the industry which inform our work. This year has included the growth in online gambling and consumers' move to mobile.
- We continued to see rapid progress through our Advertising Technology challenge to the industry, which aims to reduce the amount of online advertising seen by children, young people and vulnerable adults. This led to the production of a common list of negative search terms, a 25+ age approach to prospecting ad campaigns on social media, and better use of customer data to ensure paid-for ads are targeted away from vulnerable groups across social media platforms.
- We continued the development of the Single Customer View project, which aims to reduce consumer harms by providing a holistic picture of a customer's online gambling activity, including continued engagement with key stakeholders such as the Information Commissioners Office (ICO).
- Following a successful initiative with Twitter in 2019-20, we partnered with Facebook to publish a guide for consumers on how to limit their exposure to gambling content on the social networking platform.
- We have supported the Committee of Advertising Practice's (CAP) recent proposals to tighten the rules around the content and targeting of gambling adverts, in particular, to further limit the appeal of gambling ads to under-18s and other vulnerable people.
- We welcomed the commencement of the Government's Gambling Act Review and a separate consultation on fees. We have contributed to the evidence gathering by DCMS.

Prevent harm to consumers and the public

Minimising and preventing gambling harm is a key focus for the Commission and over the past 12 months, despite the Covid-19 pandemic, we continued to use our full range of powers, working closely alongside our partners, to enhance protections for the public and players and introduce new ideas and ways of working.

Now in its third year, the National Strategy to Reduce Gambling Harms continues to offer the means for collaboration by the Commission and partners to reduce gambling harms. The Commission's actions map tracks the significant range of positive actions across the nations and regions to support this collaboration.

Through our regulatory powers, we have also continued to take proactive action against online and land-based operators who have not done enough to protect their customers from gambling harm.

Our highlights in this area included:

- In April 2020 we introduced a high-profile ban on the use of credit cards for gambling and continued to watch closely for any unintended consequences for consumers.
- The introduction in September 2020 of strict new guidance for operators to clean up the malpractice of so-called VIP schemes.
- We announced a package of strict measures in February 2021 around online slots games which included the introduction of limits on spin speeds and the permanent ban on features such as autoplay or those which celebrate losses as wins. The permanent prohibition of reverse withdrawals was also announced alongside these measures.
- We closely monitored online and, where appropriate land-based gambling patterns to understand how the Covid-19 pandemic changed the risks experienced by consumers through the collection of additional industry data and consumer research. We acted on these findings and published the information for stakeholders to inform them of developing consumer trends.
- The establishment of a new Lived Experience Advisory Panel (LEAP) in February 2021 which provides independent advice based on its members' personal experiences of gambling harms – helping to inform our decision making.
- In November 2020, we published the latest actions map and update for the continued delivery of the National Strategy to Reduce Gambling Harms. This included how we continued to contribute, alongside our public health and statutory partners, to steering groups and implementation groups across England, Scotland and Wales.
- We continued to work closely with a range stakeholders, particularly CAP and the Advertising Standards Authority (ASA), to respond to the recommendations outlined in GambleAware's research into the effects of gambling advertising on children, young people and vulnerable adults.
- We have reviewed and approved regulatory settlements with a cumulative value of millions of pounds for activities to be applied for socially responsible purposes.
- Supporting the delivery of independent research commissioned by GambleAware, which has included the publication of reports into the impact of the behavioural change principle of anchoring, guidance for designing safer gambling messaging, and interim results from the Patterns of Play project.
- Following our implementation of the requirement for online operators to participate in Gamstop, the national self-exclusion system, we continue to monitor compliance closely.
- Through a consultation with the industry and other stakeholders we reviewed our approach to measuring gambling participation and prevalence.

A year in review – delivery of our corporate business plan continued

Raise standards in the gambling market

To protect consumers, the Commission's role is to ensure standards are constantly being raised across the gambling industry. We do this through a variety of ways – via our day-to-day licensing work, targeted compliance activity, and using our enforcement powers where we see standards are not being met.

During the past 12 months we carried out our compliance and enforcement activity through a number of challenges brought by the Covid-19 pandemic – which saw large parts of the gambling sector, including land-based businesses, closed for the majority of the year.

We continuously engaged with operators to understand the impacts of Covid-19, which included understanding which products had seen an increase in play, splits between new and existing players and increase in spend and customer interactions. This was backed up by a programme of targeted assessment work to collate evidence.

Our highlights in this area included:

- We continued with our programme of compliance activity as much as possible during 2020-21. As part of our refined focus and process, we conducted **25** full assessments of online operators and five targeted assessments of land-based operators.
- Additionally, we carried out **83** website reviews and **262** security audits. **29** personal licence reviews were commenced and **57** were finalised, including from the previous financial year.
- We also continued with our tough enforcement activity against gambling operators and personal licence holders who failed to meet our standards. We have continued to hold operators to account for failings around anti-money laundering, social responsibility controls and customer interaction issues. Our casework led to the suspension of **five** operators and the revocation of **one** operator and **nine** personal management licence holders. A total of **£32.1m** was paid by **15** operators as a result of fines or regulatory settlements. This covered **£13.2m** in fines and **£18.9m** in regulatory settlements.
- In 2020-21, our intelligence team, who provide a confidential ear to the industry and the public, as well as being our main gateway to partner agencies such as the National Crime Agency, international law enforcement organisations, and sports governing bodies, generated **3,836** intelligence reports, relating to a number of issues including social media lotteries, unlicensed remote operators and money laundering. **29** Incident Referral Forms (IRFs) were submitted by the unit to Incident Management Group (IMG) for consideration.
- Aside from a variety of other intelligence which was processed, our Sports Betting Intelligence Unit received over **700** specific reports which included issues such as suspicious betting activity, sports rules breaches, misuse of inside information, Gambling Act offences or other criminality. Football and tennis continue to be the source for the majority of these reports, despite disruption to the calendar due to Covid-19.
- Following the test house framework consultation, we worked with the United Kingdom Accreditation Service (UKAS) and all test houses to implement changes aimed at raising standards in the industry.
- We have continued to work to shut down illegal gambling, working closely with law enforcement agencies, the UK Cyber Centre and consumers to gather intelligence and take action against black market gambling.
- We have assessed the ongoing suitability of our licensees by using a variety of tools, such as regulatory data and interaction with stakeholders. In the past year we have processed **170** operator licence applications, with **545** individuals applying for a personal licence.
- We published our third annual Compliance and Enforcement Report which outlined case work during 2019-20 alongside recommendations and case studies for operators.
- We continued to ensure Boards focused on their responsibilities to be tested via corporate evaluations and assurance statements.
- We supported the UK Government in developing the role of the Regulatory Supervisor for Money Laundering.

Optimise returns to good causes from lotteries

Lotteries, including the National Lottery, make significant contributions to society and generate important funds for good causes – with **£43 billion** raised by the National Lottery since its launch in 1994. Those good causes include funding sports, arts, heritage and community projects.

The National Lottery has made a difference to the lives of millions and continues its positive impact on society. The Commission's role is to ensure it is run with propriety whilst protecting the interests of every player, whilst making sure funds are maximised for good causes.

Last year we launched the competition for the next National Lottery licence which will begin in 2023. The preferred bidder will be announced in late 2021.

Our highlights in this area included:

- We worked with the Operator to enable the National Lottery to continue to run smoothly during the Covid-19 pandemic and resultant lockdowns and monitored performance closely to ensure players continued to be protected during the rapid and significant increase in online play.
- We continued to focus on players' interests more broadly, undertaking a review of our approach to Interactive Instant Win Games to protect players from harm.
- We approved joint marketing investment proposals between the Operator and good causes for Lotto, EuroMillions, Set for Life and the National Lottery Brand. Performance of existing marketing investment proposals indicate that previous such approvals have delivered for good causes and that these decisions stand to significantly benefit good causes during the 2021/22 financial year.
- Returns to good causes finished the financial year at **£1.83bn**. It has been a strong year, particularly given the challenging circumstances this year.
- In July 2020, following a public consultation, we strengthened several important aspects of our licence conditions and codes of practice which apply to society lotteries. New requirements and accompanying guidance ensure consumers have information available to help them make fully informed decisions about whether to participate in lotteries. At the same, time limits on the size of society lotteries were raised in line with Government legislation.
- We outlined our conclusions following a consultation of society lottery prize limits and transparency measures.
- Through a Selection Questionnaire, we officially launched the competition for the next National Lottery franchise in August 2020.
- Following the launch of the Selection Questionnaire, we published the Invitation to Apply to successful applicants and are pleased with the number of entrants.

A year in review – delivery of our corporate business plan continued

Improve the way we regulate

Our risk and evidence-based approach to regulation continues to ensure high standards are maintained by all operators we licence. This approach also plays a role in setting the direction for others in the industry to follow as we work to ensure gambling is safe, fair, free from crime and free from the risks of money laundering.

We continue to monitor and review our performance with the pace of innovation and technology constantly accelerating. Despite the impact of the Covid-19 pandemic, in the past year our administrative and licensing procedures continued to be streamlined and improved to ensure they were more digitally accessible for the industry, licensees, the public and players.

Our highlights in this area included:

- As part of our response to the Covid-19 pandemic, we collected and published regular data about the trends we were seeing throughout the year and during the various lockdowns across the country. This enabled us to respond effectively and provide clear guidance to operators as the country transitioned to virtual and remote working.
- We welcomed reports into gambling regulation by Members of Parliament and the House of Lords, following an earlier National Audit Office report. We continue to take forward the key recommendations.
- The work on our new website has been a success and has ensured full compliance with new online accessibility legislation. The new-look site was launched in June 2021.
- We continued to improve and consolidate our internal software and hardware estate, moving further towards an entirely cloud based infrastructure - improving resilience, information security and user experience.
- Our project to automate the personal management licence application process was delayed due to Covid-19 but will be delivered in Summer 2021. We have continued to see the positive impacts from automation of the personal licence maintenance service with reductions in processing time of **50%** or more and are looking to achieve similar outcomes in the next financial year.
- We worked hard to respond to the challenges presented by Covid-19 on our colleagues and remote working processes to ensure there was a minimal impact on recruitment, training and wellbeing.
- We undertook a culture diagnostic and have developed a programme that continues to develop us as an inclusive and diverse organisation and a great place to work.

Financial review

Commission funding

The Commission is an independent public body. We are funded in two ways:

- by application and licence fees set by the Secretary of State, approved by Parliament and paid by the gambling industry. These fees fund all gambling regulation except that for the National Lottery.
- in respect of National Lottery functions, by grant-in-aid from the National Lottery Distribution Fund (this grant-in-aid is not treated as income in accordance with FReM).

Income

Our total income from fees and other sources was **£18.87m** for the year (**£19.90m** for 2019-20). This figure does not include the **£19.520m** (2019-20: **£17.020m**) of grant-in-aid funding in respect of the National Lottery functions which is transferred directly to reserves.

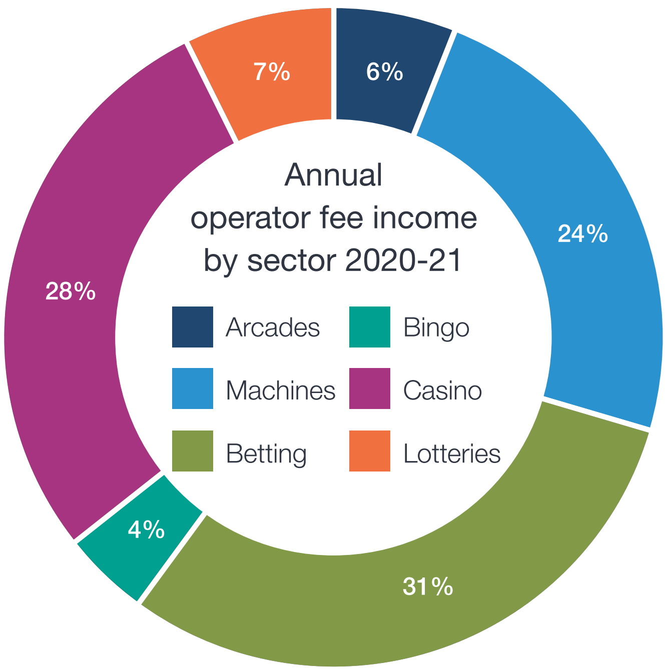
Our fee income for the year was made up of the following:

- Operator application fee income was **£0.66m** (2019-20: **£1.02m**);
- Fees for personal licences **£0.58m** (2019-20: **£0.92m**);
- Operator annual licence fees **£17.22m** (2019-20: **£17.71m**);
- Miscellaneous income of **£0.41m** (2019-20: **£0.25m**). This was mainly attributable to contributions to compliance and enforcement costs received from operators.

Total fee income has been analysed by industry sector in the chart below.

Annual operator fee income by sector 2020-21

	2021
Arcades	64%
Machines	24%
Betting	31%
Bingo	4%
Casino	28%
Lotteries	7%



Financial review continued

Expenditure

During the year, total expenditure on operational costs including depreciation was **£38.06 million** (2019-20: **£37.45 million**), an increase of **£0.61 million** on the prior financial year (**0.02%**).

Expenditure on gambling regulation totalled **£20.47 million** (2019-20: **£21.20 million**) National Lottery functions accounted for **£17.59 million** (2019-20: **£16.26 million**). This included **£14.83 million** on the National Lottery 4th licence competition (2019-20: **13.29 million**).

Employee costs for the year were **£21.39 million** (2019-20: **£19.49 million**), an increase of **£1.90 million**.

Employee costs for gambling regulation were **£15.94 million** (2019-20: **£14.31 million**) and National Lottery regulation **£5.45 million** (2019-20: **£5.18 million**). Of this, **£3.19 million** related to the National Lottery 4th licence competition (2019-20: **£2.83 million**).

For comparative purposes, the table below shows year on-year operational expenditure comparison for gambling and National Lottery regulation expenditure, and the costs of Horserace Betting Levy activity which was funded by the Horserace betting levy and ceased in 2018-19.

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	**2020-21 £m**
National Lottery regulation	2.67	2.98	2.81	2.97	**2.76**
National Lottery competition	0.20	0.64	4.08	13.29	**14.83**
Gambling regulation	18.01	19.53	20.54	21.20	**20.47**
Horserace Betting Levy activity	–	0.04	0.16	–	**–**
Total costs of operation	20.88	23.19	27.58	37.45	**38.06**

Net expenditure for the year

During the year, the regulation of gambling under the 2005 Gambling Act, as amended and updated by the Gambling (Licensing and Advertising) Act 2014, produced an income and expenditure deficit of **£0.809 million.** The deficit for the year was budgeted under the Commission's medium-term financial plan using reserves created from the fee income collected in prior years because of the continuing expansion of the gambling industry, particularly within the remote sector. The Commission sought to address this by achieving a deficit in 2020-21 through expenditure exceeding licence fee income. Expenditure on the Commission's regulatory activity, particularly in relation to technological developments, is increasing and together with the reduction in licence fees that came into effect from 6 April 2017, this resulted in the planned deficit for the year.

The total income and expenditure deficit arising for the year is **£19.30 million**, including regulating the National Lottery. This deficit is due to the requirement to transfer grant-in-aid funding in respect of National Lottery regulation direct to reserves and not being included as income.

Statement of financial position

At 31 March 2021 the book value of non-current assets was **£5.19 million** (2019-20: **£6.57 million**). Assets less liabilities at 31 March 2021 amounted to **£3.95 million** (2019-20: **£3.97 million**). The year-end closing cash balance at 31 March 2021 was **£17.56 million** (2019-20: **£16.61 million**). The cash balance reaches its peak between August and November each year, after the largest tranche of annual fees fall due, which are paid in advance by operators. Grant-in-aid to fund National Lottery regulation is drawn down on a monthly basis as required, satisfying the normal conventions applying to Parliamentary control over income and Payment performance. The Commission's policy is to pay all invoices within 30 days of receipt unless a longer payment period has been agreed or the amount billed is in dispute. In the year to 31 March 2021, **71%** (target **95%**, 2019-20: **74%**) of invoices totalling **£15.08 million** were paid within 30 days of receipt. Steps will be made to improve performance during 2021/22, by reviewing invoice processing to reduce time taken to resolve queries.

Sustainability report

This sustainability report complies with the requirements of the Greening Government Commitments – the UK government's commitments to delivering sustainable operations and procurement.

Corporate Responsibility

As part of our commitment to corporate responsibility the Commission seeks to have a positive role in the lives of our employees and our community. We do so by:

- Being a responsible employer (see Staff Report).
- Reviewing and minimising our impact on the environment (see Sustainability Report).
- Supporting our local community through our relationship with LoveBrum.
- Ensuring we maintain robust anti-corruption and anti-bribery policies.

Greenhouse gas (GHG) emissions

These are commonly referred to as carbon accounting or carbon footprinting and are split into three:

- Scope 1:
  Direct GHG emissions – these occur from sources owned or controlled by the Commission, for example, emissions as a result of combustion in boilers, or emissions from fleet vehicles.
- Scope 2:
  Energy indirect emissions – as a result of electricity that we consume which is supplied by another party, for example, electricity supply in buildings.
- Scope 3:
  Other indirect GHG emissions – all other emissions which occur as a consequence of our activity but which are not owned or controlled by the Commission, for example emissions as a result of staff travel on official business.

Total Gross Emissions for Scopes 1 & 2 (procured electricity, gas and fleet vehicles incl pool cars)		87.93*
Gross emissions attributable to Scope 3 (indirect emissions and official business travel)		96.00
Electricity: non-renewable		
Electricity		291.83
Gas		21.94**
Expenditure on energy		28.99
Expenditure on official business travel		293.67

* 2019-20 figure have been restated to correctly reflect the consumption during the period.

** 2020-21 gas consumption is higher compared to prior year, due to issues with old boilers needing to be kept on during Q4, this was resolved in May 2021

Waste minimisation and management

Data on waste is collated (in line with Sustainable Operations on the Government Estate (SOGE) targets) for all offices and land owned by the Commission:

- waste to landfill (residual office waste).
- waste reused/recycled (paper, aluminium cans & glass).
- waste incinerated.
- hazardous waste.

Total waste arising		22.56
▷ Hazardous waste		–
▷ Non-hazardous waste		
▷ Landfill		–
▷ Reused/recycled		9.14*
▷ Waste composted		–
▷ Incinerated with energy recovery		13.41*
▷ Incinerated without energy recovery		–

* 2019-20 figure have been restated to correctly reflect the consumption during the period.

Use of finite resources

This category is broken down into use of water, energy and other finite resources. Water sources are classified by:

- Scope 1:
  Water owned or controlled by the Commission. This would include water reserves in lakes, reservoirs and boreholes.
- Scope 2:
  Purchased water, steam or ice. This would include mains water supply as well as other deliveries of water i.e. for coolers.
- Scope 3:
  Other indirect water. This would include embodied water emissions in products and services.

Water consumption (office estate), Scope 3		
▷ Supplied		2,365.00*
▷ Per FTE		6.70*
Water supply costs (office estate)		–
Water supply costs (non-office estate)		–

* 2019-20 figure have been restated to correctly reflect the water consumption during the period.

Sustainable procurement

Many of the Commission's contracts are awarded through pan government frameworks operated by Crown Commercial Services (CCS). This allows us to take advantage of the CCS active sustainable procurement policy to ensure that environmental obligations are properly reflected. CCS has also implemented the DEFRA2 sustainable procurement prioritisation tool to support decision making and, where appropriate, sustainability obligations are included within contracts let by CCS to ensure that:

- Goods and services are purchased on a whole life costs basis
- Performance can be monitored throughout the life of the contract.

The use of small and medium sized enterprises (SMEs) for supply of goods and services across the Commission exceeds the Government's **25%** target. During 2020-21, **26%** of our procurement expenditure was sourced from SMEs (2019-20: **30%**).

A Rhodes.

Andrew Rhodes
Interim Chief Executive
and Accounting Officer
6 July 2021

William Moyes

William Moyes
Chairman
6 July 2021

Accountability report

Directors' report, Board of Commissioners


William Moyes
Chairman


John Baillie
Chair of Audit and Risk Committee


Stephen Cohen
Chair of National Lottery Competition Committee


Trevor Pearce CBE QPM
Chair of National Lottery Committee, Remuneration Committee and Reset


Catharine Seddon
Senior Independent Director


Carol Brady MBE
Commissioner


Terry Babbs
Chair of Finance and Performance Committee


Brian Bannister
Commissioner


Jo Hill
Commissioner

Corporate governance report

William Moyes
Chairman

Dr William (Bill) Moyes' career has spanned the public and private sectors, including leadership roles at five national regulators. Having completed a PhD in theoretical chemistry at the University of Edinburgh, Bill entered the UK Civil Service Fast Stream in 1974 and spent 20 years in policy-making roles in Whitehall and the Scottish Office. Bill is also the Chairman of the General Dental Council, which regulates dental professionals to secure the delivery of high standards of education, training and professional practice to protect the public. Bill has held positions in banking – funding the construction of hospitals, a period as director general at the British Retail Consortium and executive chair at Monitor, the independent regulator of NHS Foundation Trusts. Previous board appointments include the Priory Hospital Group, the Legal Services Board and the Office of Fair Trading. Bill has extensive experience of organisational leadership at board and senior executive level in the regulation of industries and professional groups. Bill will step down from his term as Chairman in September 2021.

John Baillie
Chair of Audit and Risk Committee

John is a Chartered Accountant and a former partner of KPMG in Scotland and London. He is a former chair of the Accounts Commission for Scotland, the Scottish local authority watchdog and served two three-year terms. He was also a member of the Reporting Panel of the UK Competition and Markets Authority for nine years. John was also a visiting professor of accountancy at the University of Edinburgh and has previously held similar appointments at other Scottish universities.

John's first term as a Commissioner ends in April 2021, but his reappointment for a further 12 months was announced in March of this year.

Stephen Cohen
Chair of National Lottery Competition Committee

Stephen has over 40 years' experience in asset management, in Asia, Europe and the USA. He started his career with Mercury Asset Management and worked both as a portfolio manager and in business development. Stephen is also on the board of the Health & Care Professions Council, a healthcare regulator, and is Chair of Audit for both the JPMorgan Japan Investment Trust plc and the Schroder UK Public Private Trust plc. Stephen brings a global business perspective, deep experience of finance and financial services regulation, corporate governance, as well as board engagement, activism and fintech.

Trevor Pearce CBE QPM
Chair of National Lottery Committee, Remuneration Committee and Reset

Trevor Pearce has had a 40-year career in law enforcement. Starting at Kent County Constabulary, he moved to national agencies becoming director general at both the National Crime Squad and Serious Organised Crime Agency. More recently, Trevor has focussed on regulatory roles and risk management. He is chair of UK Anti-Doping and trustee of Canterbury Oast Trust, a charity providing residential services to adults with learning difficulties. He is also trustee of Stop the Traffik, a charity working to prevent human trafficking. Trevor brings experience of running large complex organisations, dealing with international serious and organised crime, anti-money laundering, integrity and anti-corruption.

Directors' report, Board of Commissioners continued

Catharine Seddon

Senior Independent Director

Catharine spent 20 years as a film-maker before taking up public non executive roles. She started as a graduate trainee producer with the BBC and soon specialised in high-end film documentaries, eventually setting up her own production company. She became a magistrate in 2000 and later left television to take up a variety of other judicial roles, to become a member of the Human Tissue Authority and to sit on the Determinations Panel of the Pensions Regulator. Catharine now sits on the Legal Services Board, where she chairs its Audit and Risk Assurance Committee and has recently joined the board of the HFEA. She is a founding member of the Health Service Products Appeal tribunal and is also a trustee for special needs charity, CPotential.

Catharine's first term as a Commissioner ends in April 2021, but her reappointment for a further 12 months was announced in March of this year.

Carol Brady MBE

Commissioner

Carol Brady is currently Chair of Birmingham Assay Office which provides assaying and hallmarking of precious metals and is also the managing director of a consumer protection consultancy. Her career has been focused on consumer protection and her previous roles have included chairing the claims management regulation unit at the Ministry of Justice, chairing the Chartered Trading Standards Institute's Board, acting as a senior ombudsman at the Legal Ombudsman and as an independent advisory member at the Commission for Local Administration (Local Government and Social Care Ombudsman). Carol was awarded an MBE in 2016 in recognition of her services to consumers and better regulation. She is a fellow of the CTSI, an honour bestowed on her in 2009 for her contribution to the profession. She began her career with trading standards and has worked in the former Department for Trade and Industry to set up the Consumer Direct helpline.

Terry Babbs

Chair of Finance and Performance Committee

Terry Babbs has spent his executive career in both the private and public sectors – including with Tesco and a number of global supply chain management organisations. Aside from his role at the Commission, Terry is also the Senior Independent Director at the General Dental Council, vice chair of the Investment Committee of Oxfam's Enterprise Development Programme, and a non-executive director of HMRC's Valuation Office Agency.

Brian Bannister

Commissioner

Currently the Global Head of External Communications for the Boston Consulting Group, Brian Bannister was previously Executive Director for Strategic Insight and Influence at The Law Society of England and Wales. He has also led global communications for KPMG and UK communications at PwC.

Jo Hill

Commissioner

Jo Hill is currently Executive Director of Strategy and Risk at The Pensions Regulator where she leads on corporate strategy, risk management, data and analysis. She was previously Director of Market Intelligence, Data and Analysis at the Financial Conduct Authority (FCA) and held a number of senior roles across the FCA, while also working in the banking and insurance sectors. Jo is also a Trustee of the Money and Mental Health Policy Institute.

Two further Commissioners, Jonathan Scott and Sir Martin Narey left the Commission during the financial year.

Register of disclosable interests

Board members completed their annual declarations of interest and are asked to declare any relevant interests in agenda items at the start of each board meeting and absent themselves from those discussions. No directorships or other significant interests were held by board members that may have conflicted with their management responsibilities.

Directors' disclosure

As far as the directors are aware, there is no relevant audit information of which the auditors have not been made aware. All reasonable steps have been taken by the directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

Whistleblowing policy

The Commission has a whistleblowing policy in place for the confidential reporting of unlawful conduct or malpractice.

The policy is readily available on the intranet for all employees to refer to, and reminders on the requirements of this policy, together with all aspects of the code of conduct are communicated regularly via internal communication methods.

All new Commission employees are required to confirm in writing that they have read the Code of Conduct, including the whistleblowing policy which is included in our Public Interest Disclosure policy, as part of the induction programme.

Fees and charges

The Commission aims to ensure that the costs incurred in delivering the organisation's strategic objectives are recovered from the industry through application and licence fees set by the Secretary of State. We periodically review our costs to drive efficiency and value for money as well as review our approach to cost recovery via fees to see how it could be made more equitable. As a direct result of this process, the Commission delivered, through the 2017 fees review, a reduction in licence fees from 2017-18.

Current application and licence fees range from **£195** to **£494,856** dependent on operator size and licence type. The Commission's total income from fees and other sources was **£18.87 million** for the year (2019-20: **£19.90 million**). Further analysis of fees and charges is provided in the Performance Analysis section.

Andrew Rhodes
Interim Chief Executive
and Accounting Officer
6 July 2021

William Moyes
Chairman
6 July 2021

Statement of the Commission and Accounting Officer's responsibilities

Under the Act, the Secretary of State for Digital, Culture, Media and Sport has directed the Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts the Commission and Accounting Officer are required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of DCMS has designated me as the Commission's Interim Chief Executive Officer and as Accounting Officer of the Commission. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Commission's assets, are set out in Managing Public Money published by the HM Treasury.

As the Accounting Officer I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Andrew Rhodes
Interim Chief Executive
and Accounting Officer
6 July 2021

Governance Statement for the year ended 31 March 2021

I became accounting officer on 15 June 2021, taking over from Sarah Gardner who held the position from 15 March following the resignation of former chief executive, Neil McArthur. Since being appointed as accounting officer, a full and comprehensive handover has commenced between Sarah Gardner and myself.

The Gambling Commission Board

The Board has complied with government guidance for corporate governance in arm's length bodies.

Four new Commissioners were appointed during the year, with two Commissioners leaving during the same period. Two Commissioner's terms were due to end in April 2021, but their reappointments were announced by DCMS in March 2021.

New Commissioners go through an extensive programme of induction and training to ensure a solid foundation of knowledge about consumer issues in gambling and the operating environment and diversity of the sector. We also work closely with DCMS to ensure careful management of recruitment of new Commissioners, so that at all times the board has sufficient experience and expertise.

Governance framework

The board of commissioners, led by the chair, Bill Moyes, oversees the business of the Commission. The day-to-day activity of the Commission is managed by the leadership team, led by me as chief executive and accounting officer.

Commissioners are responsible for the strategic direction of the organisation and oversee delivery of the Commission's business plan. Commissioners also retain direct responsibility for some regulatory decisions, such as complex licence applications.

The Commission monitors its performance using an outcome-based framework built around its statutory duties and business plan. Performance against these outcomes is monitored by the board on a regular basis, with updates being provided by the Executive team on the Commission's performance covering operational management and delivery and a range of strategic measures on at least a quarterly basis.

The accounting officer has personal responsibility for stewardship of the organisation's resources, consistent with the duties and requirements set out in Managing Public Money.

The executive has overall accountability for delivery of the Commission's strategic objectives. It is supported by the Finance and Performance Group, a group of programme directors and heads of function, which monitors progress and resourcing in business plan delivery.

The Commission also reports on performance to DCMS, sharing the data and information set out in the management agreement.

The Commission's governance structure

Regulatory Panel

Delegated authorities

Determines final result of cases in relation to licensing and enforcement decisions where an escalation is sought by Commission officials or the licensee.

Advisory Groups

Advisory Board for Safer Gambling (ABSG)

Digital Advisory Panel (DAP)

Lived Experience Advisory Panel (LEAP).

Board of Commissioners

National Lottery Committee

Delegated authorities

Supports the Board and Accounting Officer in their respective responsibilities for:

- ▷ monitoring and oversight of the NL operator and its performance
- ▷ proposals for any regulatory action
- ▷ consideration of applications for consent for new ancillary activity
- ▷ budgetary requirements.

National Lottery Competition Committee

Delegated authorities

Supports the Board and Accounting Officer in their respective responsibilities for:

- ▷ reviewing and approving the strategy, business plan and budget for the Competition
- ▷ agreeing associated project and business objectives
- ▷ monitoring the delivery of activities in accordance with the agreed business plan
- ▷ reviewing associated risks, controls, delegations, governance and processes.

Remuneration Committee

Delegated authorities

Supports the Board and Accounting Officer in their respective responsibilities for:

- ▷ confirming a strategic direction for appraisal and remuneration of the Chief Executive
- ▷ reviewing the performance and remuneration proposed for senior management
- ▷ recruitment (as required) of the Chief Executive.

Delegation

Accountability

Chief Executive

Finance and Performance Committee

Delegated authorities

Supports the Board and Accounting Officer in their respective responsibilities for:

- Setting a budget and business plan
- Scrutinising the financial planning and policies of the organisation
- Monitoring performance against the budget and business plan.

Audit and Risk Committee

Delegated authorities

Supports the Board and Accounting Officer in their respective responsibilities for:

- control and governance
- risk management
- associated assurance.

Acts in an advisory role to the Board and Accounting Officer on appropriate internal control and governance arrangements.

The committee has the delegated authority to:

- appoint internal auditors. The NAO are external auditors based on statute.
- recommend the Annual Report and Accounts to Board for approval.

Reset Project Board

Delegated authorities

Oversight of cultural change programme, Commissioners & Executive members.

Assurance

External Audit

Internal Audit

Management, Governance and Assurance

Operational Boards and Groups

Management Board (strategy, structure, people)

Senior Leadership Team (risk, resources, reporting)

Communications and Engagement (proactive and reactive comms and stakeholder engagement)

Finance and Performance Group

Issue Management Group

Case Management Group

Policies

Code of conduct for Commissioners

Employee code of conduct

Delegated authority policy

Information security policy

Health and safety policy

Data protection policy

Key standards and procedures

Corporate Strategy business plan and budget

Risk management framework

Management statement and memorandum (with DCMS)

Statement of principles Bribery Act

HM Treasury financial reporting manual Managing Public Money.

Board performance

The Board

The Board met formally twelve times during the year. It monitors and receives regular reports from its Audit and Risk, Remuneration, National Lottery and National Lottery Competition Committees.

Meeting attendance by Commissioners is given below, based on the number of meetings each Commissioner was eligible to attend based on their committee memberships:

Commissioner	Board	Audit and Risk Committee	Finance and Performance Committee	Remuneration Committee	National Lottery Committee	National Lottery Competition Committee
Bill Moyes *(Chairman)*	12/12	N/A	N/A	N/A	N/A	N/A
Terry Babbs[1] *(Chair of Finance and Performance Committee)*	10/12	N/A	7/7	N/A	6/9	N/A
John Baillie[2] *(Chair of Audit and Risk Committee)*	12/12	5/6	N/A	N/A	N/A	12/13
Brian Bannister	11/12	2/3	7/7	N/A	7/9	N/A
Carol Brady MBE	11/12	N/A	N/A	5/5	N/A	N/A
Stephen Cohen *(Chair of National Lottery Competition Committee)*	12/12	N/A	N/A	N/A	N/A	13/13
Jo Hill	10/12	3/3	7/7	N/A	N/A	N/A
Sir Martin Narey[3]	1/1	N/A	N/A	N/A	N/A	N/A
Trevor Pearce[4] CBE QPM *(Chair of National Lottery Committee and Remuneration Committee)*	12/12	2/3	N/A	5/5	9/9	N/A
Jonathan Scott[5]	1/12	N/A	N/A	N/A	1/9	N/A
Catharine Seddon *(Senior Independent Director)*	11/12	2/2	N/A	5/5	N/A	13/13
Number of meetings in year	12	6	7	5	9	13

1. Appointed Chair of Finance and Performance Committee from May 2020
2. Confirmed Chair of Audit and Risk Committee from May 2020
3. Resigned May 2020
4. Became Chair of Remuneration Committee from September 2019
5. Appointment ended 30 April 2020

Board meetings provide the opportunity for robust and constructive challenge and debate amongst board members and senior management. As part of this process, Commissioners are required to disclose any potential conflicts of interest, as set out in the Code of Conduct for Commissioners, which is available on our website.

During the year, a significant amount of time in formal board meetings was focused on monitoring progress against the delivery of the Commission's Corporate Strategy, taking action to protect consumers from harm, and consideration of the policy issues relating to the next National Lottery Licence Competition.

Consistent with good practice, the Board undertook a Board Effectiveness Review. It found the standard of performance was good, with improvements over the year in meeting management, but did identify some areas where effectiveness could be improved, centring on engagement, enhancing diversity and the use of decision-making by correspondence. An action plan was put in place to address all of the recommendations.

The Board is supported by a number of Committees, all of which are outlined on the following pages. Details of the committee members and their attendance can be found in the table above, while the remit and responsibilities of each Committee are set out in the Terms of Reference on our website.

Commissioners also spend time outside of board and committee meetings attending events and engaging with stakeholders, as well as providing non-executive advice on strategic projects.

Senior Independent Director

Consistent with the UK Corporate Governance Code and with DCMS guidance, the Board has appointed a Senior Independent Director (SID) from among its current members. Catharine Seddon was appointed as SID in June 2017. She was due to step down from this post in June 2020, but will now stay on in the role until April 2022.

The role of the SID is to provide a Board-level lead for high standards of governance, conduct the appraisal of the Chairman and act as a route to resolve any concerns about the operation of the board.

Audit and Risk Committee

The Audit and Risk Committee supports the Board and the Accounting Officer in their responsibilities by monitoring the integrity of the Commission's annual statutory financial statements, reviewing the Commission's governance, internal control and risk management systems, and by reviewing the internal and external audit services. In addition to Commissioners, the Audit and Risk Committee also has an independent member, Chris Andrew, who was appointed on 2 January 2019 following the departure of previous independent member, Ann Harris.

Finance and Performance Committee

The Finance and Performance Committee was established in May 2020 as a result of the 2019 Board Effectiveness Review. The Committee supports the Board and Accounting Officer in providing detailed scrutiny of the business plan and budget, financial planning and organisational performance monitoring.

Remuneration Committee

The Remuneration Committee supports the Board and Accounting Officer in their responsibilities for performance management, senior appointment departures and HR policies and practices. It also monitors progress with regards to culture, including the results of (and actions resulting from) annual colleague engagement surveys.

National Lottery Committee

The National Lottery Committee advises the Board and the Chief Executive in relation to the exercise of certain Commission functions under the National Lottery etc. Act 1993. The Committee has decision making powers in a number of areas delegated to it by the Board.

A significant part of the Committee's business is engagement with and review of the National Lottery operator's strategy and performance.

National Lottery Competition Committee

The National Lottery Competition Committee advises the Board and the Chief Executive in respect of the National Lottery 4th Licence Competition, and through oversight of the process of the Competition. The Committee has decision making powers in a number of areas delegated to it by the Board. As well as Commissioners, the Committee also has an independent member, David Rossington who was appointed on 31 July 2018. The Senior Responsible Officer for the Competition, John Tanner, has also been a member of the Committee since November 2019.

Regulatory Panel

The Regulatory Panel determines some licence applications and deals with significant regulatory decisions which may include the revocation of licences. The Regulatory Panel sat on three separate occasions during 2020-21, with each case requiring two or three Commissioners to attend for a full day hearing in addition to substantial preparation and review time.

Board performance continued

Advisory Board for Safer Gambling (ABSG)

The ABSG provides independent advice to the Commission on research, education and treatment programmes needed to support the new National Strategy to Reduce Gambling Harms, along with the associated funding requirements. The ABSG is chaired by Dr Anna van der Gaag CBE.

Digital Advisory Panel (DAP)

The DAP comprises experts from the digital sector, including specialists in networks, social media, retail and logistics. The Panel meets on a bi-monthly basis and provides the Commission with advice on matters regarding technology, digital trends and the implications for the Commission as a regulator. The DAP is chaired by Andy Payne.

Lived Experience Advisory Panel (LEAP)

As part of the Commission's commitment to learning from those with lived experience of gambling harms, the Commission worked with an interim group of experts by experience in 2020 to co-design the LEAP advisory group. LEAP began meeting in January 2021, and comprises 12 members, chaired by Charles Ritchie.

Expert Advisory Group (EAG)

The EAG provided advice and recommendations to the Fourth National Lottery Competition team. The work of EAG concluded at the end of 2019-20.

Spending review 2021

During 2021-22 there will be a spending review, we expect this to be a three-year funding settlement. This does not affect the Commission in the same way as other bodies, as our income is raised in the form of fees on gambling operators. However, there may be some government wide efficiency targets that we have to take into consideration. This will be developed as part of our ongoing medium-term financial planning process.

Risk and internal control framework

The Board and Audit and Risk Committee – oversee the arrangements in place for the risk management function which operates within the Commission. This framework was reviewed and revised during 2020-21, with the support of the Commission's internal auditors. Programme risk registers are reviewed monthly at Finance and Performance Group (FPG), and the Senior Leadership Team consider the Corporate Risk Register and any escalations from FPG at their monthly meetings. The Audit and Risk Committee receive the Corporate Risk Register at least once a quarter, and Board discuss risk twice a year.

The risk management strategy – the strategy outlines the objectives and policies for identifying and managing risk to the achievement of the Commission's strategic objectives and business plan. This also includes the Commission's tolerance or appetite for risk. The framework sets out management roles and responsibilities, the process for identifying and recording risk, allocating ownership of risk, evaluating risk, determining responses to risk and monitoring and reporting on progress in managing risk. The framework applies to all levels of the organisation up to the Corporate Risk Register.

The Commission's risk tolerance is expressed through the level of residual risk judged acceptable for each risk identified.

Risk owners are required to identify and implement mitigating actions to reduce the residual risk value to an acceptable level.

The Commission's governance framework sets out how the Board manages its affairs and which matters are delegated to the Chief Executive, or to other employees or committees. This is reviewed periodically (typically every three years), with the most recent changes to the overarching framework being made in June 2020.

Specific aspects of this framework are reviewed more frequently to ensure they remain fit for purpose.

The internal audit programme focuses on the requirement to provide assurance that the risks faced by the Commission are properly managed and controlled. Where control weaknesses are identified, these are drawn to the attention of senior managers, who are responsible for determining and implementing an appropriate response.

In their annual report, the Commission's internal auditors for 2020-21 (PwC) provide an independent opinion on the adequacy and effectiveness of the Commission's system of internal control, together with recommendations for improvement.

During the year, PwC carried out specific reviews on the following subjects:

- Governance and Assurance – risk management framework
- Financial Systems – managing income
- 4th National Lottery Licence Competition
- Information and intelligence management
- Performance reporting and monitoring
- Business continuity and disaster recovery

No fundamental weaknesses were identified in the Commission's control and assurance processes.

Financial Management

The Commission's fee income continues to be subject to uncertainty, particularly given the impact of lockdown during the Covid-19 pandemic, which we attempt to mitigate through regular review and re-forecast of income. Whilst we forecast prudently, in the event of losing a further significant proportion of our income, there remains a risk that we may not be able to reduce our expenditure (which is largely employee-based) as swiftly as needed to avoid larger in-year deficits than currently planned within the medium-term financial plan.

These risks are addressed as part of the budgeting process, through prudent planning and long-term management of reserves. Throughout the year, the risk to the Commission's income and expenditure profile is continually reviewed through close monitoring of actual income and expenditure and forecasts.

The Commission holds reserves as a matter of prudent financial management, principally so that it can fund substantial legal action in furtherance of its regulatory objectives, manage short-term fluctuations in its licensing income, and provide for foreseeable but not yet certain liabilities such as dilapidations. At present the Commission calculates that reserves of **£3.5 million** meet this requirement. Reserves were maintained at this level at the close of 2020-21 as a result of a Grant-in-Aid advance from our sponsor department. As an arms-length body the Commission does not hold reserve to cover terminal liabilities as these would be met by its parent government department.

To ensure we maintain tight control over our expenditure we continually review our procurement arrangements. A central contracts database is in place to ensure that procurement processes are compliant and all contracts are brought in line with central frameworks where applicable.

There have been no reported actual or attempted frauds at the Commission during 2020-21.

However, given the high profile of the gambling industry and the Commission within the public domain, it is important that the Commission remains proactive in identifying instances where there is potential for fraud and corruption. The quality assurance mechanisms which have been developed for the compliance and enforcement processes depend on accurate, timely and complete information to help safeguard the Commission's professional integrity and improve operational efficiency.

Board performance continued

Internal control framework

The Commission has in place a wide range of internal controls to manage the risk of failure to achieve strategic objectives. These include:

Organisational structure and delegation of authority

The Commission is currently organised into business areas and functions that bring together related operational, project and thematic activity.

Authority to make decisions and authorise expenditure is delegated to the appropriate level of responsibility within each business area.

Policies and procedures

Comprehensive policies and supporting procedures are in place across the Commission at a corporate and operational level. A thorough review of all financial policies was undertaken during 2018/19 to ensure that they remain compliant with Managing Public Money (MPM) and that they reflect best practice. An updated suite of financial policies, reviewed under the MPM project, was in place during the financial year. The Finance and Performance Committee will routinely review financial policies on an approved schedule. The appropriateness of Commission policies and procedures is periodically reviewed by internal audit as part of the audit plan.

Operational and financial reporting

The Commission reviews and updates its business plan on an annual basis and prepares an annual budget to support the delivery of the plan.

The budget also considers risks and uncertainties to ensure that these can be mitigated where possible. Both of these elements are reviewed and approved by the Board along with progress against the business plan. In this they are supported by the Finance and Performance Committee's routine scrutiny of the business plan and budget. Financial performance is reported to the Board and Finance and Performance Committee at each meeting. In addition, the Commission also undertakes monthly financial re-forecasts to ensure that financial management of the Commission remains robust. This is reviewed by the Board.

Review and sign-off of actions

The Commission has a series of checks and balances in place across the organisation to ensure that decisions and outcomes are appropriately reviewed. Quality assessment reviews have been undertaken within a number of the compliance areas to ensure that regulatory activity continues to be of high quality. Management also reviews outputs within a range of frontline and support areas to ensure accuracy and relevance. These controls are subject to internal and external audit review as part of the internal audit plan and external audit fieldwork.

Public Interest Disclosure Policy

The Commission has a public interest disclosure policy in place for the confidential reporting of unlawful conduct or malpractice. The policy is available online for all employees and is available to the public via the website. As part of their induction programme all new Commission employees are required to confirm in writing that they have read the Code of Conduct, including the public interest disclosure policy.

Personal data incidents

There was one substantive data security incident during 2020-21 (nil during 2019-20).

Effectiveness of internal controls

The Commission's senior management reviews the operational effectiveness of the current internal controls using a combination of the Corporate Risk Register, and operational and financial performance reports.

This is supported by the annual programme of internal audit reviews into the design of controls and whether those controls have been operating effectively.

Through their work during the year, the internal auditors have concluded:

Major improvement required

We identified some significant weaknesses and non-compliance (during the year and at year end) in the framework of governance, risk management and control which put the achievement of organisational objectives at risk. Major improvements are required to improve the adequacy and effectiveness of governance, risk management and control.

Internal auditors' statement

PWC acknowledge that the internal audit 2020/21 which was developed in conjunction with management and approved by the Audit and Risk Committee was designed to focus on areas of higher risk at the Commission.

The key factors that contributed to their opinion are summarised as follows:

Of the five risk rated reports that we issued in 2020/21, three reports were rated as 'Needs Improvement'. These reports were:

- Business Continuity/Disaster Recovery
- National Lottery 4 – ITA Evaluation Model
- Information and Intelligence Management.

As a result of the work completed we identified **3** high risk findings, **11** medium risk findings and **6** low risk findings. At the year end, we tested the implementation of **25** internal audit recommendations (which were due for action during the year). We obtained evidence to show that **24** out of **25** of these actions, (including all **five** of the high-risk findings due for implementation by 31 March 2021) had been addressed. **Two** of these **five** high risk actions related to reports completed from the 2020/21 internal audit plan. We also completed **two** advisory reviews which focused on governance and risk management and performance management/reporting. The Commission had identified that the processes and controls in both of these areas needed strengthening. Our role was to assess the Commission's plans for making improvements and we made a number of recommendations, to strengthen core areas of the control environment.

We note the positive and constructive communications we have had with management in agreeing recommendations and action plans. We also recognise the focus being placed on follow-up of recommendations by the Audit and Risk Committee. The senior management of the organisation has taken steps to ensure that all agreed audit recommendations are actioned in an appropriate timescale, and all high-risk findings which were due by the end of the year have been completed.

Board performance continued

Principal risks and uncertainties facing the Commission

The principal risks and uncertainties are managed through the Commission's Corporate Risk Register as part of the internal control framework. The most significant risks facing the Commission as of the end of March 2020 are:

Risks and uncertainties	Existing and Planned Mitigations
Income from fees, grant in aid and the use of available reserves does not cover expenditure.	**Existing** ▷ Progress with fees review and liaison with DCMS. ▷ Income re-forecasting. ▷ The Commission's MTFP including robust cost saving plans. ▷ Further financial management controls. **Planned** ▷ Review of Fees Framework – linked to the Gambling Act Review.
The COVID-19 pandemic increases risks to the licensing objectives and NL duties, adversely impacts our ability to respond to risks and prevents sufficient fieldwork leaving data gaps on key metrics.	**Existing** ▷ Comprehensive homeworking arrangements allow full range of regulatory activities to be undertaken. ▷ Alternative vehicles to collect data. ▷ Close cross functional working and intelligence monitoring ensures identification and response to any changing risks. **Planned** ▷ Move to new methods of data collection. Consultation response due July 2021.
Competition fails to generate sufficient market interest, competitive tension and sufficient credible bids to obtain a successful 4th Licence holder.	**Existing** ▷ Multiple rounds of market engagement completed before launch of competition, including making draft Invitation To Apply (ITA) and Licence available to potential applicants. ▷ Outline Business Case and Addendum approved by DCMS and HMT May 2020. ▷ Competition launched in August 2020 with Selection Questionnaire made available to potential applicants. ▷ ITA issued to successful applicants in October 2020, with applications due mid-April 2021. ▷ Extensive process of clarification questions and responses with all applicants during preparation of Phase 1 applications and separate process of feedback on licensability of proposed new games in portfolio. ▷ Throughout the year the potential impact of COVID-19 impact on the competition was kept under review. **Planned** ▷ Assessment of Phase 1 applications and feedback to applicants in mid-July 2021, with no down-select at Phase 1. ▷ In addition to applicant specific feedback, applicant notes will be issued to provide further guidance to applicants generally. ▷ Lessons learned from Phase 1 will be built into Phase 2 evaluation. ▷ Full Business Case to be submitted to DCMS and HMT in Q3 21/22.

Risks and uncertainties	Existing and Planned Mitigations
There is a risk of failing to transition from the Third to Fourth licence in a coherent way.	**Existing** ▷ Licensing obligations are currently in place to support an effective handover (for example, asset condition is guaranteed for two years post expiry of the Third Licence). ▷ Appointed dedicated internal leads for the management of the transition risk and associated decisions on technology. ▷ Heads of Terms of Enabling agreement to be shared with market before competition launch. ▷ Heads of Terms of Co-operation agreement to be shared with market before competition launch. ▷ The Commission has provided the incumbent and applicants with an Enforcement Statement of Practice in respect of transition. ▷ The onboarding of the TTO Work Package: Providing expertise and experience in supporting / assuring the transition. ▷ Review of applicant transition plans at Phase 1 against the time allocated for the Implementation Stage. **Planned** ▷ Review of applicant transition plans at Phase 2 against the time allocated for the Implementation Stage. ▷ The proposed approach to document execution of the Co-operation Agreement, Enabling Agreement and Deed of Commitment is intended to mitigate the risk of poor cooperation between the parties, non-compliance, and reduce delay to transition due to negotiation.
A substantive reduction in the Commission's delivery capacity affects our ability to meet our stated outcomes and duties.	**Existing** ▷ Home working arrangements and IT support in place to support colleagues. ▷ Business plans continually reviewed to identify impact of reduced resources on deliverables. ▷ Monitor Sickness Absence and provide advice to managers in line with policy. ▷ Provision and promotion of Wellbeing support including Employee Assistance Programme and Occupational Health Services including provision of bespoke 'Talking Thru the Pandemic' wellbeing sessions. **Planned** ▷ Senior Leadership Team Deep dive session to review the risk impact and mitigations, and work priorities. ▷ Covid Working Group developing plans regarding longer term working arrangements. ▷ Detailed analysis of attrition data to identify trends and issues to resolve.
The Bet Index case reveals the challenge of co-regulation.	**Existing** ▷ Enforcement casework including suspension. ▷ Close working with key stakeholders including DCMS, Administrators, solicitors and FCA. ▷ Significant comms with MPs, journalists, and consumers (via website). ▷ Review of comparable products in the market. **Planned** ▷ Developing a Memorandum of Understanding with the FCA to contain a framework to engage and resolve any future regulatory remit challenges.

Remuneration and staff report

Remuneration report

This report covers the 12 months ending 31 March 2021 and sets out the policy and disclosures in relation to the remuneration of the Commissioners and senior managers of the Commission.

Commissioners

The Chairman and Commissioners are appointed by the Secretary of State on terms set on the basis of advice from the Civil Service Senior Salaries Review Body.

Appointments are for a period of between three and five years and may be renewed for a further term. Appointments may be terminated at any time by either party giving written notice.

Bill Moyes was appointed as Chairman for a five-year term commencing 5 September 2016. His contract provides for the Chairman to work two days per week on average.

Commissioners work on average one day per week. Commissioners' contracts may be terminated by written notice where the Secretary of State has reason to believe that the Commissioner has been absent from Commission meetings, without explanation, for a period of longer than three months; has become bankrupt or made an arrangement with a creditor; has been convicted of a criminal offence; has breached the Code of Conduct for Board members; or has become incapacitated by physical or mental illness.

The Commissioners' appointments are not pensionable under the Civil Service pension scheme and no contributions have been paid by the Commission to any other scheme.

Diversity breakdown for the Board of Commissioners:

Male Board members **70%**

Female Board members **30%**

Independent member of Audit and Risk Committee

The Commission appointed Chris Andrew on a three-year contract with effect from 2 January 2019 as an independent member of the Audit and Risk Committee, for which a payment is made. His appointment followed the departure of previous independent member, Ann Harris.

Senior managers

Senior managers are normally employed directly by the Commission. Increases in pay are performance based and are broadly in line with senior Civil Service pay bands. Performance targets are set and measured in accordance with the Commission's policy on pay and reward.

The process for the agreement of the executive teams' performance targets, achievements against targets, and recommendations on changes in remuneration, is reviewed by the Remuneration Committee. Except during probation or where guilty of gross misconduct, senior managers' contracts may be terminated by either party giving 12 weeks written notice.

Details of all executive directors serving during the year are provided at Appendix 1 from page 78, including the duration of their service.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Commissioners and Directors. This has been subject to audit review.

Remuneration of Senior Managers (salary, expenses and payments in kind) – audited information

Directors	2020-21 Salary (in bands of £5k)	2020-21 Bonus Payments (in bands of £5k)	2020-21 Expenses as BiK** (to nearest £100)	2020-21 Pension Benefits (to nearest £1,000)	2020-21 Total (in bands of £5k)	2019-20 Salary (in bands of £5k)	2019-20 Bonus Payments (in bands of £5k)	2019-20 Expenses as BiK** (to nearest £100)	2019-20 Pension Benefits (to nearest £1,000)	2019-20 Total (in bands of £5k)
Victoria Beaumount Executive Director – HR	100-105	–	–	41,000	140-145	100-105	0-5	–	39,000	140-145
Sarah Gardner Deputy Chief Executive (Joint Acting Chief Executive – *from 12 February 2021*)	115-120 (130-135 fye)*	–	–	99,000	215-220	75-80 (105-110 fye)*	–	–	33,000	110-115
Sally Jones Chief Operating Officer *(from 26 Oct 20)* (Joint Acting Chief Executive – *from 12 February 2021*)	45-50 (120-125 fye)*	–	–	19,000	65-70	–	–	–	–	–
Neil McArthur Chief Executive *(left the organisation 30 June 2021)*	145-150	–	–	71,000	215-220	140-145	10-15	–	59,000	215-220
Tim Miller Executive Director – Insight and Safer Gambling	110-115	–	–	43,000	150-155	105-110	5-10	–	43,000	160-165
Marie Perry Chief Financial Officer	100-105	–	–	40,000	140-145	20-25 (100-105 fye)*	–	–	10,000	30-35
John Tanner Executive Director – 4NLC	140-145	–	–	165,000	305-310	100-105 (135-140 fye)*	–	–	314,000	415-420
Alistair Quigley Chief Technology Officer	95-100	–	–	53,000	150-155	90-95 (95-100 fye)*	0-5	–	59,000	150-155
Helen Venn Executive Director – Licensing and Compliance	100-105	–	–	41,000	140-145	95-100	0-5	–	40,000	140-145
Richard Watson Executive Director – Enforcement and Intelligence	100-105	–	–	41,000	140-145	95-100	0-5	–	40,000	145-150
Former Employees										
Ann Harris Interim Executive Director –4NLC *(from 30 July 2018 to 31 May 2019)*	–	–	–	–	–	10-15 (60-65 fye)*	–	300	4,000	10-15
Nicky Heathcote Interim Executive Director – Regulatory Policy and Governance *(from 21 May 2018 to 31 May 2019)*	–	–	–	–	–	15-20 (100-105 fye)*	–	–	25,000	40-45
Paul Hope Executive Director – Consumers and Regulatory Strategy *(to 31 December 2020)*	75-80 (100-105 fye)*	–	–	35,000	110-115	100-105	0-5	–	93,000	195-200
Philip Lloyd Chief Financial Officer *(from 30 July 2018 to 17 January 2020)*	–	–	–	–	–	100-105	0-5	–	93,000	195-200
Tamsin Morgan Director of Communications *(to 19 February 2021)*	90-95 (100-105 fye)*	–	–	–	90-95	95-100	–	–	–	95-100
David Pemberton Executive Director – digital and planning *(from 19 June 2017 to 19 July 2019)*	–	–	–	–	–	30-35 (100-105 fye)*	–	–	12,000	40-45
Natalie Prosser General Counsel *(from 02 November 2020 to 31 January 2021)*	20-25 (90-95 fye)*	–	–	12,000	30-35	–	–	–	–	–
Band of highest paid directors total remuneration (£'000)	145-150					155-160				
Median total remuneration	39,163					36,754				
Range of staff remuneration (£'000)	18 to 145-150					18 to 155-160				
Median pay ratio	3.76:1					4.29:1				
Fair pay disclosures:	2%	The average percentage change in base salary from the previous financial year in respect of the employees of the entity taken as a whole.								
	2%	2020-21 Highest paid director percentage change in base salary from previous financial year.								

* fye = full-year equivalent ** BiK = Benefits in Kind

Remuneration report continued

Remuneration of Commissioners (salary, expenses and payments in kind) – audited information

Commissioners	2020-21 Salary (in bands of £5k)	2020-21 Bonus Payments (in bands of £5k)	2020-21 Expenses as BiK** (to nearest £100)	2020-21 Pension Benefits (to nearest £1,000)	2020-21 Total (in bands of £5k)	2019-20 Salary (in bands of £5k)	2019-20 Bonus Payments (in bands of £5k)	2019-20 Expenses as BiK** (to nearest £100)	2019-20 Pension Benefits (to nearest £1,000)	2019-20 Total (in bands of £5k)
Chris Andrew Independent Audit Committee Member	0-5	–	–	–	0-5	0-5	–	1,200	–	0-5
David Rossington Independent Committee Member NL	0-5	–	–	–	0-5	0-5	–	–	–	0-5
Terry Babbs *(from 30 April 2020)*	10-15	–	–	–	10-15	–	–	–	–	–
John Baillie	10-15	–	600	–	10-15	10-15	–	3,900	–	15-20
Brian Bannister *(from 30 April 2020)*	10-15	–	–	–	10-15	–	–	–	–	–
Carol Brady	10-15	–	–	–	10-15	10-15	–	400	–	10-15
Stephen Cohen	10-15	–	100	–	10-15	10-15	–	1,400	–	15-20
Jo Hill*** *(from 30 April 2020)*	0 (10-15 fye)*	–	–	–	0 (10-15 fye)*	–	–	–	–	–
Bill Moyes Chairman	55-60	–	800	–	55-60	55-60	–	7,600	–	60-65
Trevor Pearce	10-15	–	–	–	10-15	10-15	–	2,500	–	15-20
Catharine Seddon	10-15	–	100	–	10-15	10-15	–	800	–	10-15
Previous non executives										
Alison Hastings *(to 30 August 2019)*	–	–	–	–	–	5-10	–	900	–	5-10
Martin Narey *(From 30 April 2020 to 31 May 2020))*	0-5	–	–	–	0-5	–	–	–	–	–
Sarika Patel *(to 25 November 2019)*	–	–	–	–	–	5-10	–	600	–	10-15
Simone Pennie *(to 31 May 2019)*	–	–	–	–	–	0-5	–	–	–	0-5
Jonathan Scott *(to 30 April 2020)*	0-5	–	–	–	0-5	10-15	–	1,400	–	15-20

* fye = full-year equivalent, ** BiK = Benefits in Kind, *** Jo Hill has not received any payments from the Commission during 2020-21 due to existing employment commitments from her employer, she will be paid by the Commission from April 21 onwards.

Salary: 'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Commission and thus recorded in these accounts.

Apart from the Chair and Chief Executive, all Commissioners are paid a fixed amount for work that entails approximately one day of time per week. No employees or Commissioners were remunerated by way of service companies or third parties.

Expenses as benefits in kind: The Commission incurred costs for travel, subsistence and accommodation in respect of the Chairman and the Commissioners whilst attending meetings at Victoria Square House. These expenses could be viewed as benefits in kind and treated by HM Revenue & Customs as a taxable emolument. To avoid doubt, such taxes are paid by the Commission.

Bonuses: Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses paid to Directors during 2020-21, the comparative bonuses reported for 2019-20 relate to the performance in 2019-20.

Pay multiples – audited information: The Commission is required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the Commission's workforce.

The banded remuneration of the highest paid director in the Commission in the financial year 2020-21 was **£145,000-£150,000** (2019-20, **£155,000-£160,000**). This was **3.76 times** (2019-20, **4.29 times**) the median remuneration of the workforce, which was **£39,163** (2019-20, **£36,754**).

In 2020-21, **0** (2019-20, **0**) employees received remuneration in excess of the highest paid director. Remuneration ranged from **£18,000** to **£147,000** (2019-20, **£18,000-£158,000**).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pension benefits 2020-21 – audited information

	Accrued pension at pension age as at 31/03/21 (in bands of £5,000)	Accrued Lump Sum pension at pension age as at 31/03/21 (in bands of £5,000)	Real increase in pension at pension age (in bands of £2,500)	Real increase in pension Lump Sum at pension age (in bands of £2,500)	* CETV at 31/03/21 £'000s	* CETV at 31/03/20 £'000s	Real increase in CETV* £'000s	Employer contribution to partnership pension account (nearest £100)
Victoria Beaumount Executive Director – HR	5-10	–	0-2.5	–	69	41	18	–
Sarah Gardner Deputy Chief Executive (Joint Acting Chief Executive)	35-40	75-80	5-7.5	5-7.5	580	497	59	–
Sally Jones Chief Operating Officer (Joint Acting Chief Executive) *(From 26 October 2020)*	0-5	–	0-2.5	–	15	–	12	–
Neil McArthur Chief Executive *(to 30 June 2021)*	55-60	120-125	2.5-5	0-2.5	1,085	1,000	45	–
Tim Miller Executive Director – Insight and Safer Gambling	10-15	–	2.5-5	–	111	83	17	–
Marie Perry Chief Financial Officer	5-10	–	0-2.5	–	78	51	18	–
John Tanner Executive Director – 4NLC	60-65	185-190	7.5-10	22.5-25	1,466	1,251	167	–
Alistair Quigley Chief Technology Officer	25-30	–	2.5-5	–	408	356	33	–
Helen Venn Executive Director – Licensing and Compliance	35-40	–	0-2.5	–	510	463	23	–
Richard Watson Executive Director – Enforcement and Intelligence	15-20	–	0-2.5	–	257	214	26	–
Former Employees								
Paul Hope Director – Consumers and Regulatory Strategy *(to 31 December 2020)*	40-45	90-95	0-2.5	0-2.5	727	698	21	–
Tamsin Morgan Director of Communications *(to 19 February 2021)*	–	–	–	–	–	–	–	–
Natalie Prosser General Counsel *(from 2 November 2020 to 31 January 2021)*	20-25	–	0-2.5	–	291	275	5	–

* CETV = Cash Equivalent Transfer Values

Remuneration report continued

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme **(PCSPS)**. The **PCSPS** has four sections: three providing benefits on a final salary basis (**classic, premium or classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic, premium, classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the **PCSPS** who were within 10 years of their normal pension age on 1 April 2012 remained in the **PCSPS** after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their **PCSPS** benefits 'banked', with those with earlier benefits in one of the final salary sections of the **PCSPS** having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in **PCSPS** or **alpha** – as appropriate.

Where the official has benefits in both the **PCSPS** and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between **4.6%** and **8.05%** for members of **classic, premium, classic plus, nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of **1/60th** of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with **2.3%** of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate in **2.32%**. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between **8%** and **14.75%** (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of **3%** of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further **0.5%** of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic, premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in **PCSPS** or **alpha** – as appropriate. Where the official has benefits in both the **PCSPS** and **alpha** the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website **www.civilservicepensionscheme.org.uk**

Cash Equivalent Transfer Values (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office – audited information

27 employees left under Voluntary Exit terms during the period 30 June 2020 and 7 February 2021. They received separate compensation payments totalling **£1,012,350**. None of the employees effected were senior managers or executives.

Remuneration Committee

The members of the Remuneration Committee consists of Trevor Pearce (Chair), Carol Brady and Catharine Seddon. Catharine joined the Committee in 2020 with her first meeting in July 2020. (Details of Commissioners can be found from page 24).

Staff report

a) Analysis of Commissioners and employee costs – audited information

	2020-21 Permanent £'000s	2020-21 Short term £'000s	2020-21 Total £'000s	2019-20 Total £'000s
Salaries and wages	15,407	573	15,980	14,321
Social security costs	1,492	65	1,557	1,512
Other pension costs	3,686	165	3,851	3,658
Total Commissioners and staff costs	**20,585**	**803**	**21,388**	19,491

b) Retirement benefits

The following disclosures are made in accordance with IAS 19, 'Employee Benefits'.

(i) Employees

The Commission provides pension benefits for permanent staff under the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme in which the Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2021. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2020-21, employers' contributions of **£3,789,953** were payable to the PCSPS (2019-20: **£3,608,473**) at one of four rates in the range **26.6%** to **30.3%** (2019-20: **26.6%** to **30.3%**) of pensionable pay, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2019-20 and will remain unchanged until 2021-22. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of **£52,528** (2019-20: **£53,405**) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from **8** to **14.75%** (2019-20: **8** to **14.75%**) of pensionable pay.

Employers also match employee contributions up to **3%** of pensionable pay. In addition, employer contributions of **£0**, **0.0%** of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were **£370,193**. No contributions were pre-paid.

(ii) Former Director General – OFLOT

Upon the merger between the Gambling Commission and the National Lottery Commission in 2013, the Commission inherited a pension liability for a former Director General of OFLOT from 1993 to 1998. This pension is an unfunded defined benefit scheme which has benefits by analogy to the PCSPS (for details see www.civilservice.gov.uk/pensions) and is paid directly from the Commission's own funds. In 2001, upon the recipient reaching retirement age, pension payments commenced.

A full actuarial valuation of both schemes was carried out by the Government Actuary at 31 March 2021 and the present value of the liability at 31 March 2021 is **£215,000**.

Sensitivity analysis

1. Increasing the discount rate by **0.5%** would result in a corresponding decrease in liabilities of approximately **£9,000** or **4%**.
2. Increasing the CPI inflation assumption by **0.5%** would result in a corresponding increase in liabilities of approximately **£9,000** or **4%**.
3. Increasing assumed life expectancies in retirement by around one year would result in a corresponding increase in liabilities of approximately **£7,000** or **3%**.

The opposite changes in assumptions to those set out above would produce approximately equal and opposite changes in the liability. Similarly, doubling the changes in the assumptions would produce approximately double the changes in the liability.

The sensitivities show the change in each assumption in isolation. In practice the financial assumptions rarely change in isolation and given the interdependencies between them, the impacts of such changes may offset each other to some extent.

Under IAS 19 the Commission is required to show the present value of these liabilities on its Statement of Financial Position.

Financial assumptions

The main financial assumptions and life expectancy assumptions used by the actuary in calculation of the liability for the schemes are as follows:

	31 March 2021	31 March 2020
Discount rate for scheme liabilities	**1.25%**	1.80%
Rate on increase in salaries	**2.22%**	2.35%
Rate of increase for pensions in payment, in line with inflation	**2.22%**	2.35%
CPI inflation assumption	**2.22%**	2.35%

Life expectancy at retirement

Current Pensioners	**As at 31 March 2021**		As at 31 March 2020	
Exact Age	**men (years)**	**women (years)**	men (years)	women (years)
60	**26.9**	**28.6**	26.8	28.4
65	**22.0**	**23.7**	21.9	23.5

c) Average number of persons employed – audited information

The average number of whole-time equivalent persons employed during the year was as follows:

	2020-2021	2019-2020
Permanent staff	**327**	331
Other staff	**11**	20
Staff engaged on capital projects	**–**	–
Total	**338**	351

Staff report continued

d) Off-payroll appointments

i For all off-payroll engagements as of 31 March 2021, for more than £245 per day and that last for longer than six months	
No. of existing engagements as of 31 March 2021	nil
of which...	
No. that have existed for less than one year at time of reporting.	nil
No. that have existed for between one and two years at time of reporting.	nil
No. that have existed for between two and three years at time of reporting.	nil
No. that have existed for between three and four years at time of reporting.	nil
No. that have existed for four or more years at time of reporting.	nil
Confirmation that all existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.	nil
ii For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months	
No. of new engagements, or those that reached six months in duration between 1 April 2020 and 31 March 2021	1
of which...	
No. assessed as caught by IR35.	1
No. assessed as not caught by IR35.	nil
No. engaged directly (VIA PSC contracted to department) and are on the departmental payroll.	nil
No. of engagements reassessed for consistency / assurance purposes during the year.	nil
No. of engagements that saw a change to IR35 status following the consistency review.	nil
iii. For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021	
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	nil
Total no. of individuals on payroll and off-payroll that have been deemed 'board members, and/or, senior officials with significant financial responsibility' during the financial year.	21

Reporting of Civil Service and other compensation schemes – exit packages – audited information

	2020-21			2019-19		
Exit package cost band (including any special payment element)	**Compulsory redundancies Number**	**Other departures agreed Number**	**Total exit packages by cost band Number**	Compulsory redundancies Number	Other departures agreed Number	Total exit packages by cost band Number
Less than £10,000	–	–	–	–	–	–
£10,001 – £25,000	1	13	14	–	4	4
£25,001 – £50,000	–	8	8	–	1	1
£50,001 – £100,000	–	8	8	–	1	1
£100,001 – £150,000	–	–	–	–	–	–
£150,001 – £200,000	–	–	–	–	–	–
>£200,000	–	–	–	–	–	–
Total number of exit packages	1	29	30	–	6	6
Total cost (£)	19,981	1,124,603	1,144,584	–	195,524	195,524

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The table on the previous page shows the total cost of exit packages agreed and accounted for in 2020-21 (2019-20 comparative figures are also given). **£1,012,350** exit costs (**27** exits) were paid in 2020-21, the year of departure. Exit costs are accounted for in full in the year of departure. Provisions have been created for **3** exits which have been agreed in year, but with a departure date after 31 March 2021.

Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Consultancy costs

As per Note 3(b) of the Annual Accounts, consultancy costs totalling **£2.0m** (2019-20: **£1.02m**), **£1.8m** relates to increased costs relating to the National Lottery Competition on consultancy assignments.

Employment Statistics for 2020-21 (as at 31 March 2021)

Total Employment by contract type	
Fixed Term Employees	16
Permanent Employees	319
Total	335

Department split	
Strategy	13
Research, Statistics & Policy	37
Regulatory Projects	2
PMO	6
People Services	11
NSRGH	7
Licensing	42
Legal	6
Enforcement & Intelligence	48
Governance	6
Finance	12
Facilities	4
Executive	6
Executive Support	8
Digital & Technology	31
Data Infrastructure Projects	1
Contact Centre	14
Compliance	36
Communications	9
4NLC	19
3NL, Policy & Major Projects	17
Total	335

Diversity – disability	
Employees with a disability as defined under the Equality Act 2010	16
Employees without a disability as defined under the Equality Act 2010	9
Not disclosed	310
Total	335

Diversity – ethnic origin	
Asian or Asian British – Indian	16
Asian or Asian British – Other	0
Asian or Asian British – Pakistani	8
Black or Black British – African	2
Black or Black British – Caribbean	5
Mixed – White and Asian	3
Mixed – White & Black Caribbean	4
Not Disclosed	34
Other Ethnic Background	4
Other Mixed Background	0
Other White Background	5
White British	244
White Irish	4
Prefer Not to Say	6
Total	335

Staff report continued

Diversity – age	
24 and under	10
25-34	88
35-44	109
45-54	86
55-64	42
65-74	0
Total	335

Diversity – gender	
Female	172
Male	163
Total	335

Sickness absence rates	
1 April 2019 to March 2020	% of working days lost
Quarter 1	1.30
Quarter 2	1.30
Quarter 3	2.67
Quarter 4	2.09
Total	1.84

Policies and procedures

The Commission has a range of policies and procedures in place relating to recruitment, sickness absence, learning and development and Dignity at Work. Each of our policies aim to achieve fair practices for all job applicants and employees, ensuring that disability and all protected characteristics are managed fairly and appropriately. The Commission is also signed up to the Disability Confident scheme which guarantees interviews for candidates with disabilities who meet the criteria.

We continue to report on the Gender Pay Gap, and action we are taking to reduce it. We routinely report to the Board on workforce diversity. Equality issues are covered and assessed within each of our policies, and as part of our compliance with the Equalities Act 2010.

Our Trade Union Partnership agreement has continued this year, alongside our Trade Union Health and Safety Committee which meets regularly.

Sickness rates

During the year, the average proportion of working days lost to sickness was **1.84%** (2019-20: **5.08%**) which includes long term absence related to mental health, covid/covid related, underlying health conditions and extended periods of recovery following operations. Our occupational health and employee assistance partners are providing us with ongoing support for colleagues and management alike.

Trade Union facility time

Relevant union officials	
Number of employees who were relevant union officials during 2020-21	9.00
Full time equivalent employees who were relevant union officials during 2020-21	8.63

Percentage of time spent on facility time	
%	Number of employees
0	–
1-50	9
51-90	–
100	–

Percentage of pay bill spent on facility time	£'000s
Total cost of facility time	24
Total pay bill	21,388
Percentage of the total pay bill spent of facility time	**0.11%**

Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time	8%

Parliamentary accountability disclosures

Regularity of expenditure

Losses and special payments – audited

Managing Public Money states that individual losses and special payments of more than **£300k** should be noted separately.

There were no losses or special payments exceeding **£300k** during 2020-21.

Gifts – audited

Managing Public Money states any gifts made over the limits proscribed limits should be disclosed.

There were no gifts made during 2020-21.

Fees and charges – audited

In accordance with Managing Public Money, entities should provide an analysis of fees and charges income where material.

See 'Fees and charges' on page 27.

Remote contingent liabilities – audited

Managing Public Money states any material remote contingent liabilities (that is, those that are disclosed under Parliamentary reporting requirements and not under IAS 37) should be reported.

There were no remote contingent liabilities during 2020-21.

Andrew Rhodes
Interim Chief Executive
and Accounting Officer
6 July 2021

William Moyes
Chairman
6 July 2021

Parliamentary accountability and audit report

The report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I have audited the financial statements of the Gambling Commission for the year ended 31 March 2021 under the Gambling Act 2005. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Gambling Commission's affairs as at 31 March 2021 and of the Gambling Commission's net expenditure for the year then ended;
- have been properly prepared in accordance with the Gambling Act 2005 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Gambling Commission in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Gambling Commission's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Gambling Commission's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Commission and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for Gambling Commission is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. The Commission and the Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Gambling Act 2005; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Gambling Commission and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability reports. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

The report of the Comptroller and Auditor General to the Houses of Parliament continued

Responsibilities of the Commission and Accounting Officer for the financial statements

As explained more fully in the Statement of the Commission and Accounting Officer's responsibilities, the Commission and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Commission and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud of error; and
- assessing the Gambling Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commission and the Accounting Officer anticipates that the services provided by the Gambling Commission will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Gambling Act 2005.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Gambling Commission's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Gambling Commission's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Gambling Commission's controls relating to the Gambling Act 2005 and Managing Public Money.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- obtaining an understanding of Gambling Commission's framework of authority as well as other legal and regulatory frameworks that the Gambling Commission operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the

Gambling Commission. The key laws and regulations I considered in this context included the Gambling Act 2005, Managing Public Money as well as employment, taxation and pensions legislation;

- assessing the incentives for management to manipulate reported income and expenditure;
- reviewing the Gambling Commission's accounting policies; and
- using analytical procedures to identify any unusual or unexpected relationships and transactions.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Commission;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition, assessing controls over invoice raising and new licence awards in year.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities
This description forms part of my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

12 July 2021

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial statements

Statement of comprehensive net expenditure

for the year ended 31 March 2021

	Notes	31 March 2021 £'000s	31 March 2020 £'000s
Income			
Licence fee income	4b	**18,463**	19,653
Other income	5	**405**	251
Total Operating Income		**18,868**	19,904
Expenditure			
Staff costs	3a	**(21,388)**	(19,491)
Depreciation and amortisation	6 & 7	**(696)**	(644)
Right-of-use depreciation	16	**(942)**	(823)
Other expenditure	3b	**(15,035)**	(16,495)
Total Operating Expenditure		**(38,061)**	(37,453)
Net Operating Expenditure		**(19,193)**	(17,549)
Finance income	4b	**15**	65
Finance expense		**(3)**	(12)
Finance cost on lease liability	3b	**(102)**	(114)
Interest cost on pensions liability	3a	**(4)**	(6)
Net expenditure for the year		**(19,287)**	(17,616)

Other comprehensive expenditure	Notes	31 March 2021 £'000	31 March 2020 £'000
Net loss on pension liability	3a	**(9)**	(1)
Comprehensive expenditure for the year		**(19,296)**	(17,617)

The notes on pages 60 to 77 form part of these accounts.

The Commission receives grant-in-aid funding which fully covers the National Lottery expenditure. Grant-in-aid is treated as a financing transaction rather than revenue and is taken directly to reserves.

Statement of financial position

as at 31 March 2021

	Notes	31 March 2021 £'000s	31 March 2020 £'000s
Non-current assets			
Property, plant and equipment	6	**693**	910
Intangible assets	7	**553**	773
Right-of-use assets	16	**3,945**	4,887
Total non-current assets		**5,191**	6,570
Current assets			
Trade and other receivables	8	**918**	916
Cash and cash equivalents	9	**17,556**	16,605
Total current assets		**18,474**	17,521
Total assets		**23,665**	24,091
Current liabilities			
Trade and other payables	10	**(14,634)**	(13,655)
Short Term Lease Liabilities	16	**(932)**	(782)
Pension liability and provisions	12	**(16)**	(15)
Consolidated Fund payables	13	**–**	(278)
Total current liabilities		**(15,582)**	(14,730)
Total assets less current liabilities		**8,083**	9,361
Non-current liabilities			
Deferred Income	11	**(628)**	(794)
Long Term Lease Liabilities	16	**(3,305)**	(4,398)
Pension liability	12	**(199)**	(203)
Total non-current liabilities		**(4,132)**	(5,395)
Total assets less total liabilities		**3,951**	3,966
Taxpayers' equity			
General fund		**3,951**	3,966
Total equity	14	**3,951**	3,966

The notes on pages 60 to 77 form part of these accounts.

Andrew Rhodes
Interim Chief Executive and Accounting Officer
6 July 2021

William Moyes
Chairman
6 July 2021

Financial statements

Statement of cash flow

for the year ended 31 March 2021

	Notes	31 March 2021 £'000s	31 March 2020 £'000s
Cash flows from operating activities			
Net operating expenditure for the year*		**(19,196)**	(17,561)
Adjustments for non-cash transactions	6, 7,12 & 16	**1,625**	1,774
(Increase)/Decrease in trade and other receivables	8	**(2)**	714
Increase/(Decrease) in trade and other payables	10,11 & 13	**534**	(9,418)
Use of provisions	12	**(3)**	(8)
Net cash inflow from operating activities		**(17,042)**	(24,499)
Cash flows from investing activities			
Interest received	4b	**15**	65
Purchase of property, plant and equipment	6	**(194)**	(440)
Purchase of intangible assets	7	**(65)**	(299)
Net cash outflow from investing activities		**(244)**	(674)
Cash flows from financing activities			
Grant-in-aid for capital and revenue expenditure		**18,487**	17,020
Grant-in-aid advance for revenue expenditure	21	**794**	–
Payment of lease liabilities	16	**(1,044)**	(1,002)
Net cash inflow from financing activities		**18,237**	16,018
Net increase/(decrease) in cash and cash equivalents in the period	9	**951**	(9,155)

Cash and cash equivalents at 31 March 2020		**16,605**	
Cash and cash equivalents at 31 March 2021		**17,556**	

The notes on pages 60 to 77 form part of these accounts.

* The Net expenditure for the year includes Finance expense of **£3k** (**£12k** 2019-20) relating to tax on interest receivable.

Statement of changes in taxpayers' equity

for the year ended 31 March 2021

	Notes	Income & Expenditure Reserve £'000s
Balance at 1 April 2019		4,563
Changes in reserves		
Comprehensive net expenditure for the year		(17,616)
Actuarial gain arising on pension scheme		(1)
Grant-in-aid for revenue expenditure		17,020
Total recognised comprehensive net expenditure for 2019-20		(597)
Balance at 31 March 2020		3,966
Balance at 1 April 2020		**3,966**
Changes in reserves		
Grant-in-aid for revenue expenditure		**18,487**
Grant-in-aid advance for revenue expenditure	21	**794**
Comprehensive net expenditure for the year		**(19,287)**
Actuarial loss arising on pension scheme		**(9)**
Total recognised comprehensive net income for 2020-21		**(15)**
Balance at 31 March 2021		**3,951**

The notes on pages 60 to 77 form part of these accounts.

Notes to the accounts for the 12 months ended 31st March 2021

1: Statement of accounting policies

The policies adopted are in accordance with the International Financial Reporting Standards (IFRS), to the extent it is meaningful and appropriate in the public sector context, as adopted and interpreted by the 2020/21 Financial Reporting Manual (FReM) issued by Her Majesty's Treasury (HMT).

a) Accounting conventions

These are the accounts for the Gambling Commission (the Commission) covering the twelve months from 1 April 2020 to 31 March 2021. They have been prepared in a form directed by the Secretary of State for Digital, Culture, Media, and Sport (DCMS) with the approval of HMT, in accordance with Schedule 4 of the Gambling Act 2005 (the Act). A copy of the accounts direction can be obtained from the Commission.

The particular policies adopted by the Commission are described below and have been applied consistently during the year. No new accounting standards have been adopted during the year.

b) Non-current assets

Non-current asset purchases are capitalised if the original purchase price of an item or group of related items is **£2,500** or more and the asset or group of assets has a useful life that exceeds one year. Purchased software licences are classified as intangible assets.

Accounting estimates and judgements

Critical accounting estimates and judgements

Valuation of non-current assets

The value of the Commission's property, plant and equipment, right of use assets and intangibles are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on the use of an asset.

Extension options

At lease commencement the Commission makes a decision as to whether we are reasonably certain to be exercising break clauses, extension options. This judgement impacts the length of the lease term impacting the lease liabilities and right of use assets. This has been reviewed if there is a significant event or significant change of circumstances.

Depreciation and amortisation

Depreciation and amortisation are provided on all non-current assets on a straight-line basis to write off the cost or valuation evenly over the asset's currently anticipated life as shown in the table below.

Anticipated life of assets

Asset	Anticipated life
IT Hardware	4 years
IT Software Licences	Over the life of the licence
IT Developed Software	5 years
Fixtures & Fittings	10 years
Furniture	10 years
Equipment	7 years
Telecoms	7 years
Motor Vehicles	4 years
Right-of-use	Over the life of the lease

Depreciation and amortisation are charged in full in the month following acquisition of the asset, with no charge being made in the month of disposal. No amortisation is charged on software development until the asset is completed.

Property, plant & equipment

Property, plant and equipment is stated at depreciated historic cost as a proxy for fair value. All of the Commission's assets are short life assets and therefore depreciated historic cost is not considered to be materially different from fair value. A review of property, plant and equipment is undertaken annually to ensure that all items are still in use and that disposals have been appropriately treated through the year.

Property leases assesed for IFRS 16 Right-Of-Use assets are valued using a cost model which has been used as a proxy for current value as the underlying asset value of the short lease is unlikely to fluctuate significantly.

Annual reviews are also undertaken to identify any impairment of assets in accordance with the International Accounting Standard (IAS) 36. Any gain or loss arising from the disposal of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Net Expenditure account as other income or other expenditure.

Intangible assets

The Commission's intangible assets are recorded in accordance with IFRS and compliant with IAS 38. IAS 38 sets out the criteria for recognising and measuring intangible assets and requires disclosures about them. An intangible asset is an identifiable non-monetary asset without physical substance. Such an asset is identifiable when it is separable, or when it arises from contractual or other legal rights.

Under IFRS software development is classified as an intangible asset. Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Commission intends to complete the asset and sell or use it;
- the Commission has the ability to sell or use the asset;
- the intangible asset will generate probable future economic or service delivery benefits, for example there is a market for it or its output, or where the asset is to be used for internal use, the usefulness of the asset can be determined;
- there are adequate financial, technical and other resources available to the Commission to complete the development and sell or use the asset; and,
- the Commission can measure reliably the expenses attributable to the asset during development.

Internal staff costs that have been directly incurred in the implementation of capital projects are identified as capital expenditure, provided that they satisfy the conditions of IAS 38. Research costs have not been capitalised.

Software purchases that have not required development prior to completion are identified as additions within the category software in the intangible fixed asset note.

In accordance with the FReM, all intangible assets are carried at fair value. Depreciated historical cost is used as a proxy for fair value, which is considered not to be materially different from fair value.

Revaluation

Increases in value are credited to the Revaluation Reserve, unless it is a reversal of a previous impairment. Reversals are credited to the Consolidated Statement of Comprehensive Net Expenditure to the extent of the previous impairment and any excess is credited to the Revaluation Reserve, in accordance with IAS 36, the Impairment of Assets.

On disposal of a revalued asset, the balance on the Revaluation Reserve in respect of that asset becomes fully realised and is transferred to the General Fund. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

Notes to the accounts for the 12 months ended 31st March 2021 continued

c) Pension costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme and is unfunded and contributory.

The Commission recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis.

Upon the merger between the Commission and the National Lottery Commission, the Commission inherited a pension liability for the former Director General of the Office of the National Lottery (OFLOT). This pension is an unfunded defined benefit scheme which has benefits by analogy to the PCSPS and is paid directly from the Commission's own funds. In 2001, upon the recipient reaching retirement age, pension payments commenced. This was calculated using actuarially assessed assumptions at 31 March 2021.

d) Operating leases

Following the adoption of IFRS 16 in 2019-20 financial accounts, the Commission has categorised all leases as finance leases, with the exception of those leases which are exempt either by having less than 12 months to run from 31st March 2021 or are considered low value (less than **£5,000**).

Rentals due under operating leases are charged over the lease term on a straight-line basis, or on the basis of actual rental payable where this fairly reflects usage.

e) Finance leases

IFRS 16 'Leases' was implemented from 1 April 2019; this introduces a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases (apart from the exemptions included below).

For government bodies reporting under the FReM, IFRS 16 will be brought into effect on 1 April 2022 and replaces IAS 17 (Leases). The Commission elected, with DCMS authority, to early adopt IFRS 16 in 2019-20 (as adapted by the 2020-21 FReM).

In respect of lessees, IFRS 16 removes the distinction between operating and finance leases and introduces a single accounting model that requires a lessee to recognise 'right-of-use' assets and lease liabilities.

The definition of a lease has been updated under IFRS 16, there is more emphasis on being able to control of the use of asset identified in a contract. There are new requirements for variable lease payments such as RPI/CPI uplifts; and there is an accounting policy choice allowable to separate non-lease components.

At inception of a contract, the Commission assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Commission assesses whether:

- ▷ The contract involves the use of an identified asset;
- ▷ The Commission has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- ▷ The Commission has the right to direct the use of the asset.

The policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Commission allocates the consideration in the contract to each lease component on the basis of the relative standalone prices.

The Commission assesses whether it is reasonably certain to exercise break options or extension options at the lease commencement date. The Commission reassesses this if there are significant events or changes in circumstances that were anticipated.

As a lessee

Right of use assets

The Commission recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- A longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and;
- The fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use assets is depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property plant and equipment assets.

The Commission applies IAS 36 Impairment of Assets to determine whether the right of-use asset is impaired and to account for any impairment loss identified.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HMT.

The lease payment is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Commission's estimates of the amount expected to be payable under a residual value guarantee, or if the Commission changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Commission is reasonably certain to exercise, lease payments in an optional renewal period if the Commission is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Commission is reasonably certain not to terminate early.

When the lease liability is remeasured a corresponding adjustment is made to the right of use asset or recorded in the SoCNE if the carrying amount of the right of use asset is zero.

The Commission presents right of use assets that don't meet the definition of investment properties per IAS40 as right of use assets on the Statement of Financial Position.

Notes to the accounts for the 12 months ended 31st March 2021 continued

The lease liabilities are included within Lease liabilities within current and non-current liabilities on the Statement of Financial Position.

f) Employee costs

Under IAS 19 Employee Benefits legislation, all employee business or employment related costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from the Commission's electronic leave records.

Permanent and short term employee costs are presented in accordance with IFRS. Permanent and short term employees are identified as follows:

- Permanent employees are those with a permanent (UK) employment contract with the Commission.
- Short term employees are other employees engaged on the objectives of the entity (for example, short term contract employees, agency/temporary employees, locally engaged employees overseas and inward secondments where the entity is paying the whole or the majority of their costs).

g) Value Added Tax

The Commission is not registered for VAT and therefore all costs are shown inclusive of VAT where VAT has been charged.

h) Licence fee receipts & fee income recognition

The Commission adopted IFRS 15 for the first time in 2018-19 financial year. Income is recognised in line with IFRS 15 principles. In practice there has been no change in recognition from the policy followed under IAS 18.

IFRS 15 introduces a new five stage model for the recognition of revenue from contracts with customers. The core principle is to recognise revenue so that it depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Commission have considered the five-step process and have determined no change to the revenue recognition approach.

The Commission collects fee income in relation to the Act. In accordance with its Financial & Accounting Policy, the Commission recognises income in the following way:

- **Operator licence application fees:**
  Income is recognised in full when the operator licence is issued.
- **Operator licence annual fees:**
  Income is recognised equally over the duration of the licence.
- **Personal licence fees:**
  60% of the Application income received is recognised when the licence is issued (to reflect the application costs)

  The remaining **40%** is recognised equally over the duration of the licence (i.e. 5 years).

  35% of the Maintenance renewal income received is recognised when the licence is issued (to reflect the renewal costs).

  The remaining **65%** is recognised equally over the duration of the licence (i.e. 5 years).

i) Financing grant-in-aid

The Commission receives grant-in-aid funding for National Lottery operations. In accordance with the FReM, Grant-in-aid is treated as a financing transaction rather than as revenue as it is a contribution from a controlling entity.

j) Financial instruments

The Commission adopted IFRS 9 – Financial Instruments – with effect from financial year 2018-19. We have reviewed our financial instruments in respect of classification, measurement and impairment, applying the expected credit losses where applicable. The assets and liabilities which are considered to be financial in nature are set out in note 19. We do not hold any complex financial instruments.

k) Functional and presentational currency

The Commission's functional and presentational currency is sterling. The very small number of transactions denominated in a foreign currency have been translated into sterling at the exchange rate ruling on the date of the transaction. Resulting exchange gains and losses are recognised in the Commission's surplus or deficit in the period in which such gains or losses arise.

l) Corporation Tax

The Commission is registered with HMRC to pay Corporation Tax on interest received on cash balances held.

m) Segmental reporting

During the year the Commission's Board as 'Chief Operating Decision Maker' has determined that the Commission operated in three distinct material segments; to regulate commercial gambling, to regulate the current National Lottery, and to commission the 4th National Lottery. All three segments fall within one main geographical segment, Great Britain. The Commission has distinct sources of income for the three segments; licence fees for gambling regulation, grant-in-aid for National Lottery regulation, and National Lottery Commissioning. The segmental reporting format in note 2 reflects the Commission's management and internal reporting structure.

n) Cash and cash equivalents

The Commission's cash deposits are held with a single commercial bank, and with the Government Banking Service.

The Commission's deposits are considered to be cash, as all deposits with the commercial bank are repayable immediately without penalty and without notice.

Cash equivalents are classed as investments that mature in three months or less, and are readily convertible to known amounts of cash with insignificant risk of change in value. The Commission does not consider that it holds any cash equivalents.

o) Treatment of penalty packages

Where the Commission has issued a penalty in respect of a regulatory failing or breach, in the majority of cases the penalty is paid directly to a benefactor (where a benefactor has been identified) or to a nominated responsible gambling charity. Only the direct costs of the Commission and a reasonable share of expenditure incurred which is directly referable to the investigation or the imposition and enforcement of the penalty, is retained by the Commission. The amounts retained by the Commission are shown within the accounts as other income.

In the event that a fine is issued for a regulatory breach, the Commission will collect the fine and pay it to the Consolidated Fund having deducted the costs of its investigation under the principle above.

Cost recovery or amounts due to be passed over to the Consolidated Fund at the year end shown as other creditors, penalties are not included within the Commission's accounts.

p) Going concern

The financial statements have been prepared on a going concern basis. The recent events in respect of the Covid-19 outbreak may have a financial impact on the Commission's fee income over the coming year. However we expect to remain in a positive cash and reserves position for the coming twelve months, as a statutory body created under the Gambling Act 2005 we anticipate continuing to provide a statutory service in the future. As such the accounts have been prepared on a going concern basis.

q) Accounting standards that have been issued but not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the 12 months ended 31 March 2021 and have not been applied in preparing the accounts. The following are those

Notes to the accounts for the 12 months ended 31st March 2021 continued

standards, amendments and interpretations that may be adopted in subsequent accounting periods:

- IFRS 17 was published in May 2017 and is expected to replace the current financial reporting standard for insurance (IFRS 4) with effect from 1 January 2023. Under the IFRS 17 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. The effect on the Commission's accounts is anticipated to be minimal. The standard has not yet been adopted by FReM and therefore early adoption is not permitted.
- IFRIC (International Financial Reporting Interpretations Committee) 23 was published in June 2017 and clarifies how to apply the recognition and measurement requirements in IAS 12 – Income Taxes. It is not expected to have a significant effect upon the Commission's accounts.

2: Statement of Operating Costs by operating segment

a) Statement of Comprehensive Net Expenditure by operating segment as at March 2021

	31 March 2021				31 March 2020			
	Gambling operations £'000s	National Lottery operations £'000s	National Lottery Competition £'000s	Total £'000s	Gambling operations £'000s	National Lottery operations £'000s	National Lottery Competition £'000s	Total £'000s
Expenditure	(20,472)	(2,756)	(14,833)	(38,061)	(21,196)	(2,969)	(13,288)	(37,453)
Income	18,868	–	–	18,868	19,904	–	–	19,904
Net Operating Expenditure	(1,604)	(2,756)	(14,833)	(19,193)	(1,292)	(2,969)	(13,288)	(17,549)
Net Operating Expenditure after interest and finance costs	(1,683)	(2,760)	(14,844)	(19,287)	(1,348)	(2,975)	(13,293)	(17,616)
Other Comprehensive Expenditure								
Net loss on pension liability	–	(9)	–	(9)	–	(1)	–	(1)
Comprehensive expenditure for the year	(1,683)	(2,769)	(14,844)	(19,296)	(1,348)	(2,976)	(13,293)	(17,617)

b) Statement of Financial Position by operating segment as at March 2021

	31 March 2021				31 March 2020			
	Gambling operations £'000s	National Lottery operations £'000s	National Lottery Competition £'000s	Total £'000s	Gambling operations £'000s	National Lottery operations £'000s	National Lottery Competition £'000s	Total £'000s
Non-current assets	4,847	22	322	5,191	5,996	48	526	6,570
Current assets	18,473	1	–	18,474	17,520	1	–	17,521
Total assets	23,320	23	322	23,665	23,516	49	526	24,091
Current liabilities	(15,148)	(229)	(205)	(15,582)	(14,273)	(195)	(262)	(14,730)
Non-current liabilities	(3,677)	(324)	(131)	(4,132)	(4,850)	(218)	(327)	(5,395)
Total liabilities	(18,825)	(553)	(336)	(19,714)	(19,123)	(412)	(589)	(20,125)
Assets less liabilities	4,495	(530)	(14)	3,951	4,393	(363)	(63)	3,966

3: Staff costs

a) Employee costs

	2021 £'000s	2020 £'000s
Employee costs	**21,388**	19,491
Interest costs on pension scheme liability	**4**	6
Actuarial loss to pension scheme liability	**9**	1
Total	**21,401**	19,498

b) Other expenditure

	2021 £'000s	2020 £'000s
Accommodation	**856**	887
Professional fees*	**11,280**	10,834
Travelling and subsistence	**2**	514
Contingent labour costs	**225**	822
Other staff costs	**102**	252
Recruitment, training and development	**273**	473
Hospitality	**–**	16
Office services	**1,659**	1,821
External audit fee**	**61**	61
Internal audit costs	**198**	174
Amounts payable to Criminal Records Bureau	**24**	101
Research costs***	**261**	331
Other	**94**	209
Other expenditure	**15,035**	16,495
Finance cost right-of-use	**102**	114
Total other expenditure	**15,137**	16,609

* Professional fees include consultancy costs totalling **£2.0m** (2019-20 **£1.02m**), £1.8m relates to increased costs relating to the National Lottery Competition.

** The external audit fee represents the cost of the audit of the accounts carried out by KPMG LLP on behalf of NAO.
No non audit work was undertaken by KPMG LLP, or NAO during the year.
The external audit fee for 2020-21 is **£61,000** (2019-20 **£61,000**).

*** Research costs includes costs associated with prevalence studies into gambling. This totalled **£261,177** in 2020-21 (2019-20 **£331,271**). This also includes National Lottery research costs totalling **£2,525** in 2020-21 (2019-20 **£52,939**).

Included within other expenditure are payments made by the Commission during the year under operating leases under IAS17.

This shows annual lease expenditure under the exemption thresholds within IFRS 16:

	2021 £'000s	2020 £'000s
Land and buildings	**–**	–
Other	**13**	13
Total	**13**	13

The above analysis comprises the following figures from the Statement of Comprehensive Net Expenditure and Statement of Changes in Taxpayers Equity.

Notes to the accounts for the 12 months ended 31st March 2021 continued

c) Non-cash items

	2021 £'000s	2020 £'000s
Depreciation of property, plant and equipment	411	385
Amortisation of intangibles	285	259
Depreciation of right-of-use assets	942	823
Total	**1,638**	**1,467**

4: Fee receipts

a) Gambling Act 2005 fee receipts

	2021 £'000s	2020 £'000s
Operator licence applications		
Application fees	911	1,217
Annual fees	16,346	17,936
Personal licence applications	381	1,001
Total fee income received	**17,638**	**20,154**
Interest on fee income	15	65
Total	**17,653**	**20,219**

b) Gambling Act 2005 income recognised

Fees payable under the Act are identified by income stream, and released to the Commission's Statement of Comprehensive Net Expenditure in accordance with the Commission's Financial and Accounting Policy.

Recognised fee income is included within the Statement of Comprehensive Net Expenditure as 'Licence Fee income'.

Gambling Act 2005 fee income recognised in the year is as follows:

	2021 £'000s	2020 £'000s
Operator licence applications		
Application fees	663	1,023
Annual fees	17,223	17,712
Personal licence applications	577	918
Total fee income	**18,463**	**19,653**
Interest on fee income	15	65
Total	**18,478**	**19,718**

5: Other income

Miscellaneous income collected during the year relates to penalties issued for breach of licence conditions, withdrawn applications, contributions to costs arising from enforcement action.

	2021 £'000s	2020 £'000s
Miscellaneous income	405	251
Total other income	**405**	**251**

6: Property, plant & equipment

	IT hardware £'000s	Furniture & fittings £'000s	Plant & machinery £'000s	Assets under the course of construction £'000s	Total £'000s
Cost/valuation					
At 1 April 2019	2,181	2,242	185	–	4,608
Reclassification*	18	–	–	(1)	17
Additions	268	45	–	127	440
Disposals	44	–	–	–	44
At 31 March 2020	2,511	2,287	185	126	5,109
Accumulated depreciation					
At 1 April 2019	1,533	2,093	183	–	3,809
Reclassification*	5	–	–	–	5
Provided in year	309	75	1	–	385
At 31 March 2020	1,847	2,168	184	–	4,199
Net book value at 31 March 2020	664	119	1	126	910
Net book value at 31 March 2019	648	149	2	–	799

* During 2019-20, a review of the asset register was carried out resulting in reclassifications between intangible and tangible assets.

	IT hardware £'000s	Furniture & fittings £'000s	Plant & machinery £'000s	Assets under the course of construction £'000s	Total £'000s
Cost/valuation					
At 1 April 2020	**2,511**	**2,287**	**185**	**126**	**5,109**
Additions	**192**	**2**	**–**	**–**	**194**
Assets brought into use	**126**	**–**	**–**	**(126)**	**–**
At 31 March 2021	**2,829**	**2,289**	**185**	**–**	**5,303**
Accumulated depreciation					
At 1 April 2020	**1,847**	**2,168**	**184**	**–**	**4,199**
Provided in year	**334**	**77**	**–**	**–**	**411**
At 31 March 2021	**2,181**	**2,245**	**184**	**–**	**4,610**
Net book value at 31 March 2021	**648**	**44**	**1**	**–**	**693**
Net book value at 31 March 2020	664	119	1	126	910

Notes to the accounts for the 12 months ended 31st March 2021 continued

7: Intangible assets

	IT Software £'000s	IT Software licences £'000s	Websites delivering services £'000s	Assets under the course of construction £'000s	Total £'000s
Cost/valuation					
At 1 April 2019	6,038	279	284	173	6,774
Reclassification*	(19)	145	–	–	126
Additions	391	3	14	–	408
Assets brought into use	–	–	–	(109)	(109)
At 31 March 2020	6,410	427	298	64	7,199
Accumulated amortisation					
At 1 April 2019	5,534	279	216	–	6,029
Reclassification*	7	145	–	–	138
Provided in year	234	–	25	–	259
At 31 March 2020	5,761	424	241	–	6,426
Net book value at 31 March 2020	649	3	57	64	773
Net book value at 31 March 2019	504	–	68	173	745

* During 2019-20, a review of the asset register was carried out resulting in reclassifications between intangible and tangible assets.

	IT Software £'000s	IT Software licences £'000s	Websites delivering services £'000s	Assets under the course of construction £'000s	Total £'000s
Cost/valuation					
At 1 April 2020	**6,410**	**427**	**298**	**64**	**7,199**
Additions	**60**	**5**	**–**	**–**	**65**
Assets brought into use	**64**	**–**	**–**	**(64)**	**–**
At 31 March 2021	**6,534**	**432**	**298**	**–**	**7,264**
Accumulated amortisation					
At 1 April 2020	**5,761**	**424**	**241**	**–**	**6,426**
Provided in year	**258**	**3**	**24**	**–**	**285**
At 31 March 2021	**6,019**	**427**	**265**	**–**	**6,711**
Net book value at 31 March 2021	**515**	**5**	**33**	**–**	**553**
Net book value at 31 March 2020	649	3	57	64	773

8: Trade and other receivables

	2021 £'000s	2020 £'000s
Trade receivables	130	98
Deposits and advances	13	52
Accrued income	157	–
Prepayments	618	766
Total	918	916

9: Cash and cash equivalents

	2021 £'000s	2020 £'000s
Balance at 1 April	16,605	25,760
Net change in cash and cash equivalent balances	951	(9,155)
Balance at 31 March	17,556	16,605
The following balances at 31 March were held at:		
Government Banking Service	7,260	8,930
Commercial banks and cash in hand	10,296	7,675
Balance at 31 March	17,556	16,605

The majority of the Commission's cash and cash equivalent balances are held at commercial banks or as cash in hand apart from **£7,259,730** (£8,929,892 in 2019-20) which is held with the Government Banking Service.

10: Trade and other payables

	2021 £'000s	2020 £'000s
Trade payables	982	1,152
Staff cost payables	1,079	950
Other payables	339	240
Accruals and deferred income**	11,919	11,313
Short term provisions	132	–
Provision for Bloomsbury Street premises	183	–
Total	14,634	13,655

The Commission holds total deferred income balances of **£10,007,289 (£10,748,490 in 2019/20) included in notes 10 and 11.
These relate to:
Licence fees received, due to be released to income within one year of **£9,379,764** (£9,954,771 in 2019/20).
Licence fees received, due to be released to income after one year **£627,525** (£793,719 in 2019/20).

11: Amounts due after more than one year

	2021 £'000s	2020 £'000s
Deferred income	628	794
	628	794

In accordance with IFRS 15 principles, the Commission's deferred income due after more than one year relates to Personal Licence fees paid that are due to be released to income in years 2021/22 onwards.

Notes to the accounts for the 12 months ended 31st March 2021 continued

12: Pension liability provision

This provision recognises the payments due in respect of a former chairman of OFLOT.

	2020 £'000s
At 1 April 2019	226
Interest cost	6
Actuarial loss in the period	1
Pensions paid in the year	(15)
At 31 March 2020	218

	2021 £'000s
At 1 April 2020	**218**
Interest cost	**4**
Actuarial loss in the period	**9**
Pensions paid in the year	**(16)**
At 31 March 2021	**215**

The pension liability provision of **£214,934** is split between, liability not later than one year (**£15,679**), and liability greater than one year (**£199,255**).

13: Consolidated Fund payables

The Commission held the following Consolidated Fund payables at 31 March 2021.

	2021 £'000s	2020 £'000s
At 1 April	**278**	9,873
Arising in the year	**2,817**	4,544
Settled in the year	**(3,095)**	(14,139)
At 31 March	**–**	278

There are no payables in relation to fines recovered due to be surrendered to HMT as at 31 March 2021.

14: Effect of pension liability on statement of financial position

	Notes	**2021 £'000s**	2020 £'000s
General fund excluding pension liability		**4,166**	4,184
Pension liability	12	**(215)**	(218)
General Fund		**3,951**	3,966

15: Capital commitments

At 31 March 2021 there were no capital commitments (£0 in 2019/20).

16: Right-of-use assets

Following the adoption of IFRS 16, the Commission has categorised all leases as finance lease liabilities, with the exception of those leases which are exempt either by having less than 12 months to run from 31st March 2021 or are considered low value (less than **£5,000**).

The finance lease is recognised as an asset and a corresponding lease liability at the net present value (NPV) of future lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

a) Right-of-use asset

	Victoria Square House Land and Buildings £'000s	Bloomsbury Street Land and Buildings £'000s	Plant & Equipment £'000s	2020-21 Total £'000s	2019-20 Total £'000s
Cost/valuation					
At 1 April*	4,357	526	4	4,887	1,729
Additions to right-of-use assets	–	–	–	–	3,981
Depreciation charge for the year	(736)	(204)	(2)	(942)	(823)
Balance as at 31 March	3,621	322	2	3,945	4,887
No later than one year	736	204	2	942	942
Later than one year and not later than five years	2,885	118	–	3,003	3,945
Later than five years	–	–	–	–	–
Balance as at 31 March	3,621	322	2	3,945	4,887

b) Lease liability

	Victoria Square House Land and Buildings £'000s	Bloomsbury Street Land and Buildings £'000s	Plant & Equipment £'000s	2020-21 Total £'000s	2019-20 Total £'000s
Leases under IFRS 16					
At 1 April	(4,586)	(589)	(4)	(5,179)	(2,087)
Additions to lease liabilities**	–	–	–	–	(3,981)
Interest on lease liabilities @ 1.99%***	(91)	(11)	–	(102)	(114)
Cash payment****	778	264	2	1,044	1,002
Balance as at 31 March	(3,899)	(336)	(2)	(4,237)	(5,180)
Total future lease payments under leases are given in the table below for each of the following periods:					
No later than one year	(725)	(205)	(2)	(932)	(782)
Later than one year and not later than five years	(3,174)	(131)	–	(3,305)	(4,398)
Later than five years	–	–	–	–	–
Balance as at 31 March	(3,899)	(336)	(2)	(4,237)	(5,180)

* Right-of-use asset value for Victoria Square House as at 1 April 2020 includes an adjustment of **£358k** relating to a brought forward deferred rent release provision. The Commission received a rent-free period during 2015/2016, during this time rental charges were accrued and the cost benefit is being released over the life of the lease.

** Lease at Victoria Square House will continue for an additional 5 years to February 2026.

*** Interest on lease liabilities – Finance Cost – amounts recognised in SoCNE, a discount rate of 1.99% has been applied in the calculations of interest on lease liabilities.

**** Amount recognised in the statement of cash flow – total cash outflow for leases.

Notes to the accounts for the 12 months ended 31st March 2021 continued

Victoria Square House:

Following a successful application to the Government Property Unit, the Commission signed a lease for its existing premises in central Birmingham. The lease was signed in May 2015. The lease is for a period of 10 years (with a 5 year break clause) and commenced with effect from February 2016 when the previous lease expired. As at 31 March 2021, the lease at Victoria Square House will continue for an additional 5 years to February 2026.

Bloomsbury Street:

As part of the National Lottery Competition, the Commission have entered into a Intra-UK government agreements for premises in Bloomsbury street London. The lease is currently unsigned as at 31 March 2021. The lease is for a period of 3 years and commenced with effect from 8 November 2019.

17: Commitments under operating leases

Following the adoption of IFRS 16 in 2019-20 financial accounts, the Commission has categorised all leases are on recognised as lease liabilities, with the exception of those leases which are exempt either by having less than 12 months to run from 31st March 2020 or are considered low value (less than £5,000).

Rentals due under operating leases are charged over the lease term on a straight-line basis, or on the basis of actual rental payable where this fairly reflects usage.

At 31st March 2021 the Commission was committed to making the following payments in respect of operating leases:

	at 31 March 2021		at 31 March 2020	
	Land and buildings £'000s	Other £'000s	Land and buildings £'000s	Other £'000s
Obligations under operating leases for the following periods:				
Not later than one year	–	11	–	11
Later than one year and not later than five years	–	–	–	–
Later than five years	–	–	–	–
	–	11	–	11

18: Related party transactions

The Commission is a Non-Departmental Public Body funded through the collection of licence fees from the industry and grant-in-aid for National Lottery operations.

DCMS is regarded as a related party. During the 12 months to 31 March 2020, the Commission has had a small number of material transactions with DCMS, comprising of:

Grant-in-aid for revenue expenditure National Lottery operation	**£2,770,019**
Grant-in-aid for revenue expenditure National Lottery competition	**£15,083,535***
Grant-in-aid for revenue expenditure Gambling Commission	**£873,000**
Grant-in-aid advance for revenue expenditure	**£794,000**

* Of the GIA received £249k is due to be repaid and is shown as a liability and not a movement in reserves

During the period none of the Commissioners, members of key management staff or other related parties have undertaken any material transactions with the Commission.

All Commissioners were paid by the Commission, see remuneration report for further details.

19: Financial instruments

IFRS 7 and IFRS 9 (Financial Instruments: Disclosures) establishes principles for the presentation, recognition and measurement, and disclosure of financial instruments as liabilities or equity.

In accordance with IFRS 7 and IFRS 9, the carrying values of short term assets and liabilities (at amortised cost) are not considered different to fair value.

Because of the way that the Commission is funded the Commission is not exposed to the degree of financial risk faced by business entities.

Also financial instruments play a more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply.

The Commission has obtained consent from its sponsoring department to place surplus funds on bank deposit. It would also require consent from its sponsoring department prior to acquiring financial instruments or borrowings.

Currency risk

The Commission is a domestic organisation with the great majority of transactions and all assets and liabilities being in the UK and denominated in sterling. The Commission has no overseas operations. The Commission therefore is not exposed to currency rate fluctuations.

Market rate risk

Other than finance leases, the Commission has no borrowings and therefore is not exposed to interest rate risk.

Credit risk

The Commission does not provide credit arrangements for the payment of licence fees by the industry. All fees must be paid on or before the date prescribed to prevent a breach of the licence and the licence being revoked. As the Commission relies on fees receivable from the gambling industry (payable immediately) and departmental grant-in-aid for specific projects the Commission has very low exposure to credit risk.

Liquidity risk

Other than finance leases, the Commission has no borrowings and relies on fees receivable from the gambling industry and departmental grant-in-aid for its cash requirements, the Commission is exposed to minimal liquidity risk.

The Commission adopted IFRS 16 Leases during the 2019-20 financial year. The nature of the lease agreements and the resulting cash flows did not change and, as a result, the impact on liquidity is considered to be negligible.

Notes to the accounts for the 12 months ended 31st March 2021 continued

Financial assets & financial liabilities

Financial assets

	Type of financial asset £'000s	**2020-21 £'000s**	2019-20 £'000s
Cash and cash equivalents	Amortised cost	**17,556**	16,605
Trade and other receivables	Amortised cost	**130**	98
Deposits	Amortised cost	**–**	–
Loans	Amortised cost	**13**	52
Contract assets	Amortised cost	**–**	–
Subtotal – amortised cost	–	**17,699**	16,755
Equity investments – held through OCI inc. Investment Funds and Shares and Equity type Investments	FVOCI	**–**	–
Investment in subsidiaries	FVOCI	**–**	–
Subtotal – FVOCI			
Derivative financial instrument assets	FVTPL	**–**	–
FI non Derivatives through PL	FVTPL	**–**	–
Subtotal – FVTPL	–	**–**	–
Total financial assets	–	**17,699**	16,755

Financial liabilities

	Type of financial asset £'000s	**2020-21 £'000s**	2019-20 £'000s
Trade and other payables	Amortised cost	**(1,402)**	(1,678)
Lease liability	Amortised cost	**(4,237)**	(5,180)
Contract liabilities	Amortised cost	**–**	–
Subtotal – amortised cost	–	**(5,639)**	(6,858)
Derivative financial instrument liabilities	FVTPL	**–**	–
Subtotal – FVTPL	–	**–**	–
Total financial liabilities	–	**(5,639)**	(6,858)
Total	–	**12,060**	9,897

Definitions under IFRS 9:

Financial assets measured at amortised cost

Held in a business model whose objective is to hold assets to collect contractual cash flows only (eg a simple debt instrument not classified at fair value).

Financial assets classified and measured at FVOCI (Financial asset at fair value through other comprehensive income)

Held in business model whose objective is achieved by collecting contracts and selling financial assets. This category is mandatory for some debt instruments (ie all except those measured at amortised cost (AC) or FVTPL) and irrevocably elected equity instruments (which can also be measured at FVOCI).

Financial assets measured at FVTPL (Financial asset at fair value through profit or loss)

For all other equity instruments, excluding those elected above, all derivatives and any instruments specifically designated to this category using the fair value option (available on initial recognition as an alternative to measuring at FVOCI to reduce an accounting mismatch).

20: Contingent liabilities disclosed under IAS 37

There are contingent liabilities of **£967,238** as at 31 March 2021 (**£275,860**, 2019-20).

The contingent liabilities figure is a combination of legal costs (**£498,950**) and voluntary exits (**£468,288**) which has been calculated under the guidance of IAS 37, based on events existing at the balance sheet date.

21: Grant-in-aid (GIA) advance for revenue expenditure

Due to the uncertainty of the Commissions income as a result of the Covid-19 pandemic, DCMS provided additional GIA funding to enable the Commission to maintain its reserves at the minimum level of **£3.5m**.

This funding is in substance GIA and has been treated in the same way as other GIA receipts from DCMS. In accordance with the FReM, GIA is treated as a financing transaction rather than as revenue as it is a contribution from a controlling entity. This GIA of **£794k** is offsetable from future GIA receipts from DCMS over the course of the coming four years.

It has been agreed that **£451k** will be offset early in 2021-22. DCMS have advised that of the remaining balance of **£343k**, **10%** will be offset in 2021-22 and **30%** for each of the following 3 years.

22: Events after the reporting period

These accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts as shown on the audit certificate.

There are no post balance sheet events to report since 31 March 2021.

Appendices

Appendix 1

The Executive Group

The Executive Group makes decisions about projects, policy, procedure, issues and cases which cannot be resolved at an operational level as they are novel or contentious, or significantly affect the Commission's finances or staff.

The scope of the Executive group therefore extends to:

▷ Strategic leadership of the Gambling Commission

▷ Collective concentration on strategic issues affecting the Commission

▷ Scrutiny and challenge of Commission policies and procedures

▷ Review of business delivery, operational and financial performance

The Executive Group also agrees items for escalation to the Board of Commissioners, setting the agenda for Board meeting and clearing Board papers.


Sarah Gardner – Deputy Chief Executive (Joint Acting Chief Executive)


Sally Jones – Chief Operating Officer (Joint Acting Chief Executive)


Richard Watson
Executive Director


Tim Miller
Executive Director


Helen Venn
Executive Director


John Tanner
Executive Director


Vic Beaumont
Chief People Officer


Marie Perry
Chief Financial Officer


Alistair Quigley – Chief Technology Officer


Paul Hope – Executive Director (resigned)


Tamsin Morgan
Chief Communications Officer (resigned)


Neil McArthur
Chief Executive (resigned)

The Executive Group continued

Sarah Gardner

Deputy Chief Executive (Joint Acting Chief Executive)

Sarah joined in 2009 and has held a number of leadership roles across the Commission. She spent her earlier career as a civil servant in various government departments covering a wide range of topics including tax, international policy, consumer protection, competition, regulation, small business and enterprise policy. Sarah is the executive director responsible for our consumer policy work and the development of our regulatory framework, including the Licence Conditions and Codes of Practice (LCCP). Sarah was appointed joint acting chief executive in March 2021.

Sally Jones

Chief Operating Officer (Joint Acting Chief Executive)

Sally joined the Commission in 2020 as Chief Operating Officer and has 30 years' experience in senior leadership roles, latterly in professional services. Earlier in her career, Sally spent several years in the public sector holding senior roles in both central and local Government. At the Commission, Sally is responsible for corporate services including IT and Digital Services, People Services, Finance and Programme Management, and Governance. Sally was appointed joint acting chief executive in March 2021.

Richard Watson

Executive Director

Richard is executive director of enforcement and intelligence with responsibility for regulatory delivery. His teams are responsible for managing the issue of anti-money laundering, dealing with betting integrity, enforcement of both regulatory and criminal investigations, and the flow of intelligence in and out of the Commission. Richard has been with the Commission for eight years, having previously worked in a variety of law enforcement roles for 32 years.

Richard left the Commission in May 2021.

Tim Miller

Executive Director

Tim joined the Commission in 2016 after a career spanning over 15 years in the regulatory and public sector. Tim was previously head of policy and communications at the Local Government Ombudsman and prior to that was head of public affairs at the Parliamentary and Health Service Ombudsman. These roles followed ten years at the Law Society of England and Wales in a variety of regulatory posts. In his role at the Commission, Tim is responsible for policy, research and our safer gambling work.

Helen Venn

Executive Director

Helen is executive director for licensing and compliance and with responsibility for regulatory delivery. Helen has been with the Commission for nearly six years and a solicitor for nearly 25 years. Her career included roles at the Criminal Cases Review Commission, Serious Fraud Office, Solicitors Regulation Authority and in private practice.

John Tanner

Executive Director

John became the Executive Director and Senior Responsible Officer for the 4th National Lottery License Competition (4NLC) in July 2019. John has overall responsibility for the competition including establishing governance, securing funding and engagement with DCMS to ensure the competition is fair, open and robust while maximising innovation, creativity and utilising technological advancements. Before joining the Commission, John held a variety of leadership roles with HM Revenue & Customs, the UK Home Office and the National Crime Agency focusing on the delivery of major programmes and transformation projects.

Vic Beaumont

Chief People Officer

Vic joined us in July 2018 building on over 15 years of experience across the regulatory and public sectors. Vic was previously a consultant working with a range of public bodies and prior to that was Director of HR & OD at the Information Commissioner's Office. These roles followed a number of senior HR positions in the housing, health and private sectors. Vic is responsible for Human Resources, Organisational Development and Facilities.

Marie Perry

Chief Financial Officer

Marie joined the Commission in January 2020 from the Consumer Council for Water and is responsible for all aspects of finance and procurement at the Commission. During her career she has held a variety of senior finance roles at NHS Trusts within the West Midlands and also at police forces in South Yorkshire, Derbyshire and Warwickshire. Marie is also a nonexecutive director and chair of the audit committee for the Sandwell and West Birmingham Hospitals Trust.

Alistair Quigley

Chief Technology Officer

Alistair has had a 30-year career in IT and started his early career managing a Midlands-based IT training centre, before spending six years with National Express, becoming their IT Director and overseeing the transport firm's rapid online growth. More recently, he was managing director of IVU Traffic Technologies UK, a specialist software developer, before joining the Commission 14 years ago. Alistair leads the Commission's IT and digital functions which includes software and digital service development and provision, with an emphasis on information assurance and compliance and information security.

Paul Hope

Executive Director (resigned)

Paul joined in 2014 to lead work on consumer protection and safer gambling. He previously worked for Ofwat, the economic regulator for the water industry, where he held a number of leadership roles. Paul has also previously worked as an economist at HM Treasury and the Bank of England. At the Commission, he is responsible for consumers, regulatory policy and strategy. Paul became executive director for Strategic Planning and Performance in April 2019. Paul left the Commission in December 2020.

Tamsin Morgan

Chief Communications Officer (resigned)

Before joining the Gambling Commission in 2017, Tamsin was Head of Communications for the BBC across England with responsibility for strategic leadership and delivery of all aspects of communication. Prior to that she was Head of Communications for BBC Radio 1 and Popular Music at the BBC. As Chief Communications Officer she plays a key role in the development and delivery of the Commission's strategy. Leading a multi-disciplined team, Tamsin oversees media relations, public affairs and stakeholder engagement, consumer engagement, digital communications, internal communications and the Chief Executive's Private Office. Tamsin left the Commission in January 2021.

Neil McArthur

Chief Executive (resigned)

Neil became chief executive of the Gambling Commission in February 2018 and stood down from his role in February 2021 after nearly three years in the post.

GAMBLING
COMMISSION

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