

Cabinet reshuffle sees new DCMS minister

UK POLITICS

A sweeping reshuffle of the governing front bench has seen Nicky Morgan assume the top job in charge of gambling.

Morgan takes over as Secretary of State for Digital, Culture, Media and Sport from Jeremy Wright, who had held the position for less than a year.

Meanwhile, Rebecca Pow has been reappointed as Parliamentary Undersecretary of State for Arts, Heritage and Tourism - by whose portfolio has now been expanded to include gambling, lotteries and horse racing.

The personnel change came amidst a comprehensive reshuffling of cabinet ministers in the hours after Boris Johnson won the race to become party leader, as the new PM sought to give top job to those loyal.

Morgan has previously served in ministerial roles, most recently as

Education Secretary under the Cameron government, and before that Financial Secretary to the Treasury and Minister for Women.

Morgan's views on gambling are not well publicised. Although she was outspoken against the proposed delay to new FOBT regulations to October 2019, writing that the government had "prioritized the preservation of jobs in the gambling industry over the addiction of those who suffer from these machines."

Pow is thought to be pro-racing.

Bob Young, the managing director of Taunton racing course, in Pow's constituency, told the Racing Post: "Our local MP is invited with their family to the Christmas meeting every year."

"As long as she has been an MP she has been every year to our Christmas meeting and presented a prize. She is very pro-racing."



Selective editing

Panorama: A wider view

UK INDUSTRY

Panorama's carefully edited expose of the now historical failings of certain gambling firms gave the unfortunate impression that little has changed, writes **David Clifton**, director of Clifton Davies Consultancy.

From an industry perspective, it's all too easy to criticise the recent BBC *Panorama* "Addicted to Gambling" TV programme.

The problem gambling activities featured in the programme dated from 2014 and 2015, not long after the Gambling Commission first drew to public attention the need for the industry to address shortcomings in relation to anti-money laundering and social responsibility controls.

Since that time, operators have considerably raised their standards in line with the regulator's ever more stringent codes of practice.

In fact, some of those gambling activities occurred before the Commission first beefed-up the LCCP's customer interaction require-

ments in May 2015. To that extent, it could be said that the BBC was judging yesterday's conduct by the standard of today's expectations.

The principal operators with whom the historic gambling activities took place were Ladbrokes and Gamesys (trading as Jackpotjoy). *Panorama* glossed over the fact that both operators have acknowledged historic weaknesses dating back to 2014 in respect of which they have paid out a total of £7.1million. Some of that money constituted reimbursement to identified victims of crime and most of the balance was directed towards delivery of the Commission's new National Strategy to Reduce Gambling Harms.

The BBC's contention that customer complaints against gambling operators have

Out of context...

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rised 5000 percent over the last five years should have been placed into context. Panorama ignored not only the huge influx of online gambling operators that occurred following the introduction of the place of consumption licensing regime in November 2014 but also the Gambling Commission's declared campaign between 2015 and 2017 to "put more power in the hands of the consumer," including emphasis on their right to complain about gambling businesses.

An unfortunate consequence of selective editing of Panorama's interview with Neil McArthur (CEO of the Gambling Commission) is that some viewers will have mistakenly regarded the regulator as a liberal-minded defender of the industry. No clear impression was conveyed that the Commission is a robust enforcer of ever more demanding regulatory requirements. That alone would have gone some way towards answering one of the questions posed in the programme, namely "How serious does it have to be before people will act?"

However, to advance such

criticisms misses the point.

There are reasons why public trust in this country's gambling industry has eroded so dramatically over the last ten years, even though problem gambling rates have remained stable.

For years the industry has pushed the regulatory boundaries. At the time, this was thought legitimate by those who were pushing. Nevertheless, the impression grew steadily that the industry's expansion was at the expense of the consumer, FOBTs being an obvious example of this.

The explosion of online gambling, with consumer practices that invited an inevitable crackdown by the CMA, a bombardment of gambling advertising on television and fears about "normalisation" of gambling from the perspective of children all served to compound a negative public attitude towards the industry. Alongside all of this, the media onslaught began, citing gambling related tragedies not only for the problem gambler but also families, friends and the wider community. Not surprisingly, this attracted the attention of the politicians and the rest, as

they say, is history.

I was struck by a comment I read online from one industry insider: "The main things I felt after watching BBC's Panorama on gambling addiction were guilt and sadness, with a touch of shame thrown in for good measure".

However, pleas made by those featured in the programme are already being addressed by both industry and regulator. The increasing focus on affordability checks and responsible gambling tools, the roll-out of a national online self-exclusion scheme, the "big five" operators' package of safer gambling measures and a ten-fold increase in funding for problem gambling treatment, imminent introduction of new customer interaction requirements that demand evaluations of effectiveness and the Commission's change of emphasis from "problem gambling" to "gambling related harm" all provide examples of this.

It will be met by suggestions it is "too little, too late". However, the industry has surely now recognised that public trust can only be regained if in future it abides not only with the letter but also the spirit of the law.

Licence changes will better protect players, says UKGC

UK LICENSING

The UK Gambling Commission has updated its licensing conditions to better protect players and make gambling fairer.

The new changes to the licence conditions and codes of practice (LCCP) include more transparency for the funding for research, prevention and treatment; new standards on dispute resolution, and tighter requirements for identifying and interacting with at-risk players.

The changes have been "designed to make gambling fairer and safer for consumers and we expect gambling firms to meet their responsibilities in these areas," said the GC's executive director, Paul Hope.

In alternative dispute resolution (ADR) businesses will now be required to use only ADR providers who meet the Commission's additional standards such as customer service, decision making and gover-

nance. These come into force on 31 October 2019 and make the role of an ADR provider clearer, improve consistency, and reassure consumers that a provider is independent of the gambling business.

Gambling firms will also be required to focus more on the outcomes of identifying and interacting with customers who may be at risk of or experiencing harms associated with gambling, as well as assessing the impact that a customer interaction has on an individual consumer.

Finally, from 1 January 2020, changes will be made that ensure funding for prevention and treatment is better targeted at delivering the National Strategy to Reduce Gambling Harms in Britain, by stipulating which bodies firms can contribute to - and crucially will "support greater transparency of the amounts contributed by gambling businesses over time."



GVC to pay £5.9m for pre-2017 Ladbrokes failings

UK ENFORCEMENT

The Gambling Commission has handed Ladbrokes' parent company, GVC, a £5.9m penalty for systemic anti-money laundering failings at the subsidiary from 2014 to 2017.

Among the faults found at Ladbrokes was a failing to carry out any social responsibility interactions with a customer who lost £98,000 over two-and-a-half years; Coral failing to ask where funds came from (despite one customer spending £1.5m over two-years and ten months); no evidence of responsibility interactions with a customer who deposited over

£140,000 in the first four months; and having identified concerns with a customer, Ladbrokes allowed further significant gambling without taking additional steps to verify the source of funds.

"These were systemic failings at a large operator which resulted in consumers being harmed and stolen money flowing through the business and this is unacceptable," said Richard Watson, Commission Executive Director.

GVC will now pay £4.8m in lieu of a financial penalty and will divest £1.1m gained from customers as a result of its failings.