
NATIONAL LOTTERY COMMISSION

**MINUTES OF THE MEETING HELD ON TUESDAY 10 MAY 2011
1030-1430HRS AT WIGMORE STREET**

PRESENT:

Commissioners

Dr Anne Wright, Chair

Mark Harris, CE

James Froomberg

Mary Chapman (*Items 1 – 7*)

Sarah Thane

Deep Sagar

Robert Foster

Officers

Joy Watkins

Ben Haden

Marcia Boys - Secretariat

ITEM 1: APOLOGIES & PRELIMINARY MATTERS

1. Apologies were received from Simon D'Arcy, Director of Compliance.
2. The Chair congratulated Deep Sagar on his appointment as Chair of the Social Security Advisory Committee.
3. The Chair also congratulated Mark Harris on his appointment as a Companion of the Chartered Management Institute.

ITEM 2: APPROVAL OF MINUTES OF 12 APRIL AND MATTERS ARISING

Paragraph 4 [Minutes redacted S43 (2) Commercial]

5. Subject to the above and the correction of a typographical error, the minutes were agreed as an accurate record. The redactions were also agreed. **ACTION: MB to amend the minutes.**
6. With regard to the actions list, Commissioners noted that:
 - a. Item 184: Joy Watkins proposed to discuss this issue with Marcia Boys.
 - b. Items 214, 229, 231 and 236: These items had been actioned and could be closed.
 - c. Item 221: The presentation would be delivered at the next Commission meeting.
 - d. Item 222: The information would be submitted to Commissioners in June.
 - e. Item 232: Ben Haden reported that he was awaiting a response from Camelot.

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f.Item 233: Ben Haden reported that the NLPU was considering a template press response which might provide fuel for any Commission lines.

g.Item 234: Ben Haden reported that this would be reflected in the next full Returns Performance Update.

7.Mark Harris apologised to Commissioners for the fact that, due to the Easter and Royal Wedding Bank Holidays, the Senior Management Team (SMT) had not reviewed the actions list before it had been submitted to Commissioners. He confirmed that, in future, SMT would review the content of the actions list, including the status and timing of actions, prior to its submission to Commissioners.

8.Mark Harris also suggested that it might be helpful to explore, at a future Commission meeting, the purpose and use of the actions list. He noted that the actions list recorded the issues that Commissioners had asked staff to address, and did not reflect all issues being considered or handled by staff.

ITEM 3: CHAIR'S UPDATE

Andrew Ramsay/Jonathan Stephens

9.The Chair informed Commissioners that she had attended a farewell reception for Andrew Ramsay, formerly Director General, Partnerships and Programmes, at DCMS.

10.The Chair highlighted that Jonathan Stephens, Permanent Secretary at DCMS, would be attending the Commissioners' meeting in July.

Philip Graf

11.The Chair advised Commissioners that she had attended a meeting with Philip Graf, Chair of the Gambling Commission and Chair designate of the merged organisation. They discussed aspects of the forthcoming merger including governance. Mr Graf would be attending a series of other introductory meetings.

12.The Chair advised Commissioners that Philip Graf would be attending part of the Commission meetings in June and July.

Paragraphs 13 to 18 [Minutes redacted S43 (2) Commercial]

Merger of the Commission and the Gambling Commission

Commissioner appointments

Public Chairs' Forum

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19. The Chair reported that the Public Chairs' Forum would be holding a seminar on 'The Future of Public Appointments' with Sir David Normington on 1 June 2011.

Retailer terminals

20. The Chair informed Commissioners that she had received a number of letters regarding Camelot's policy on the allocation of retailer terminals and its Sales Improvement Programme, which occasionally resulted in the removal of a terminal.

21. Mark Harris explained that the Commission required Camelot to adopt and apply clear and fair criteria for the selection of retailers. While it was open to the Commission to take action if it found Camelot to be in breach of its licence obligation, the Commission did not have a role in determining where terminals should be allocated. Providing that Camelot complied with its selection criteria, the issue of where terminals were allocated was a matter for Camelot's commercial judgment.

Paragraphs 22 and 23 [Minutes redacted S43 (2) Commercial]

ITEM 4: REMUNERATION COMMITTEE UPDATE

24. Mary Chapman reported that the Remuneration Committee had met on 10 May from 0915 – 1030. The issues considered by the Committee were:

a. *The Pay Remit 2011 – 12*

Mary Chapman explained that the Commission remained subject to the pay freeze announced by the Government in 2010. As a result, the normal pay remit process, whereby the Committee considered an annual pay award, did not apply.

b. *The draft Remuneration Report*

The Committee had considered and approved the draft Remuneration Report.

c. *Performance Bonuses*

The Committee had noted that while the pay freeze prevented the Commission from awarding any pay increases or progression payments, the Commission was able to award bonuses, provided that the maximum amount payable did not exceed the figure set out in the last remit approved by DCMS. In the case of the Commission, the relevant figures were for the 2009 – 10 remit.

Joy Watkins had reported that 17% of staff had exceeded their objectives, while 83% had met their objectives. These figures were consistent with the markings awarded in 2008 – 09 and 2009 – 10.

The Committee noted the outcomes of the 2010 – 11 appraisal process and agreed that the arrangements for performance related pay should remain in

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place for 2011 – 12.

d. *Co-location*

The Committee had congratulated Mark Harris and Joy Watkins on the way in which co-location issues were being dealt with. The Committee also felt that staff should be congratulated for ensuring that the Commission continued to meet its statutory responsibilities during this difficult time.

e. *Directors' bonuses*

During a closed session, the Committee had discussed Directors' bonuses. The proposals advanced by the Chief Executive for Commissioner consideration had been agreed.

ITEM 5: CHIEF EXECUTIVE'S REPORT

25. Mark Harris presented the report to Commissioners. Commissioners focused on the following issues and noted the remaining contents of the report.

Relocation/Merger Update

26. Mark Harris advised Commissioners that final versions of the Commission's relocation policy and redundancy due to relocation policy had been circulated to staff. No significant issues had been raised by staff.

27. Mark Harris explained that the Commission had also submitted its redundancy scheme proposals to the Cabinet Office for approval. As part of those proposals, the Commission had requested Cabinet Office consent to defer the effective date of redundancy, in the case of key staff, to the date when the merger came into effect. It was not clear at this stage whether this proposal would attract Cabinet Office approval. The remaining proposals advanced by the Commission accorded with other public sector redundancy schemes, and were therefore expected to meet with approval.

28. Commissioners queried whether SMT had considered a review of roles and responsibilities within the Commission. Mark Harris responded that further thought would need to be given to roles and responsibilities at a later date as:

a. if some staff chose not to move to Birmingham, SMT would need to consider how their responsibilities could be delivered; and

b. restructuring would also be considered on the merger of the two organisations.

29. Mark Harris noted that staff had been offered the opportunity for further informal discussions with Directors regarding co-location following the distribution of the relocation and redundancy policies. SMT would also be talking to the organisation as a whole at a staff awayday planned for the afternoon of Thursday 12 May. SMT hoped to clarify the kinds of support that staff would find beneficial over the coming months.

30. Mark Harris informed Commissioners that work was progressing well in relation to common services. He noted that final decisions had yet to be taken on how

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some common service functions would be delivered.

31. Commissioners queried whether the Commission's IT systems were compatible with the Gambling Commission's systems. Mark Harris responded that the Commission tended to use off the shelf systems which were also used by the Gambling Commission, but that there were some differences in the way in which they had been configured. The Commission had therefore taken a decision to move its servers up to Birmingham.
32. In response to a further Commissioner query, Mark Harris confirmed that the Commission was considering whether to change from Lotus Notes to Outlook.
33. Mark Harris also confirmed that the Commission's contracts with third party suppliers of services provided sufficient flexibility for the Commission to withdraw from each agreement, if appropriate, on re-location or merger.

Commissioner Interests

34. Mark Harris highlighted that DCMS had responded that it would review the declaration of interest requirements, together with the wider requirements and role of Commissioners, in the context of the merger.

Camelot incident

Paragraphs 35 to 40 [Minutes redacted S43 (2) Commercial]

Commissioner queries

Paragraph 41 points (a), (b), (c), (e) and (f) [Minutes redacted S43 (2) Commercial]

41. Mark Harris addressed a number of queries from Commissioners:

d. Corporate restructure

Mark Harris confirmed that no issues had arisen in relation to Camelot's corporate restructure.

g. Game plans as set out in the annex to the Chief Executive's Report

Commissioners suggested that the game plans table should be amended to refer to all major initiatives planned by Camelot over the next three years, as detailed during Camelot's recent presentation to the Commission. Mark Harris explained that the annex was intended to provide a summary of the progress being made in relation to current initiatives, but that he would be happy to consider whether further information should be provided in an additional summary of future initiatives. **ACTION: MH**

Commission website

42. Commissioners commended the Commission on recent improvements to the website and the increase in transparency regarding the work of the Commission.

ITEM 6: RETURNS PERFORMANCE UPDATE

43. Ben Haden presented the report to Commissioners. The purpose of the report was to provide Commissioners with information on returns to good causes, sales performance and issues relating to the operator's performance in these areas during the Third Licence.

44. Ben Haden explained that the report was a summary version of the usual report and that full reporting would resume with the report to be issued for the June Commission meeting.

Paragraph 45 [Minutes redacted S43 (2) Commercial]

46. Commissioners noted the contents of the report.

ITEM 7: PERFORMANCE ACHIEVEMENT REPORT

47. Ben Haden presented the report to Commissioners. The report is intended to provide Commissioners with an assessment of the overall efficiency, effectiveness and efficacy of the operator in running the National Lottery.

48. Ben Haden explained the overall assessment of the operator's performance as set out in the report.

49. Ben Haden reflected that Camelot's presentation of its three year plan had enabled a more rounded consideration of performance, with a balance of forward looking indicators. Opportunities were being sought in new areas and existing games were being redefined. It appeared that the National Lottery sat comfortably within the overall gambling and gaming market and that it had not been significantly impacted by the recession.

Paragraph 50 [Minutes redacted S43 (2) Commercial]

51. Commissioners suggested that it would be helpful to clarify the extent to which the work of the National Lottery distributors impacted on the reputation and perception of the National Lottery. Commissioners suggested that more could be done to highlight the support provided to the disadvantaged through the National Lottery.

Mary Chapman left the meeting at this point.

52. Commissioners suggested that the Commission should include a summary of its evaluation of Camelot's performance on the website. Commissioners also suggested that the report findings could be reflected more strongly in the Annual

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Report. **ACTION: BH to consider.**

Paragraphs 53 and 54 [Minutes redacted S43 (2) Commercial]

55. Commissioners requested an overview of how Camelot proposed to derive maximum value from the National Lottery's relationship with the Olympic and Paralympic Games in the period to 2012. **ACTION: BH**

Paragraphs 56 and 57 [Minutes redacted S43 (2) Commercial]

ITEM 8: DRAFT ANNUAL REPORT

58. Ben Haden presented the report to Commissioners. The report invited Commissioners to feedback comments on the draft report.

59. Ben Haden highlighted that the Commission had sought to produce a shorter and more succinct report this year.

60. Commissioners commented that:

- a. This was likely to be the last report produced by the Commission as a stand-alone body. It was important that the Commission's key achievements were clear from the report.
- b. Further clarification was required as to why the Commission's involvement was critical in certain areas.
- c. A consistent and authoritative tone should be adopted throughout the report.

61. Commissioners agreed to feedback any specific drafting comments to Ben Haden.

ITEM 9: FUTURE COMMISSION BUSINESS

62. A Better Regulation Reference Group meeting was pencilled into diaries for 1200 – 1330 on 1 June, subject to confirmation that Mary Chapman could attend. **ACTION: MB to confirm.**

63. Commissioners noted the report.

ITEM 10: FUTURE COMMISSIONER ATTENDANCE

64. Robert Foster pointed out that he could not attend the Commission meeting on 12 July, but could attend on 13 September. **ACTION: MB to amend the list.**

65. Commissioners noted the report..

ITEM 11: REVIEW OF MEETING

66.No issues were raised.

ITEM 13: DATE OF NEXT MEETING

67.The next Commission meeting would take place on 14 June 2011, 1000-1400.

ITEM 12: ANY OTHER BUSINESS

68.A private discussion between Commissioners followed the main meeting. Staff left the room.

Confirmed as an accurate record by the Chair:

Signed:

Dated: