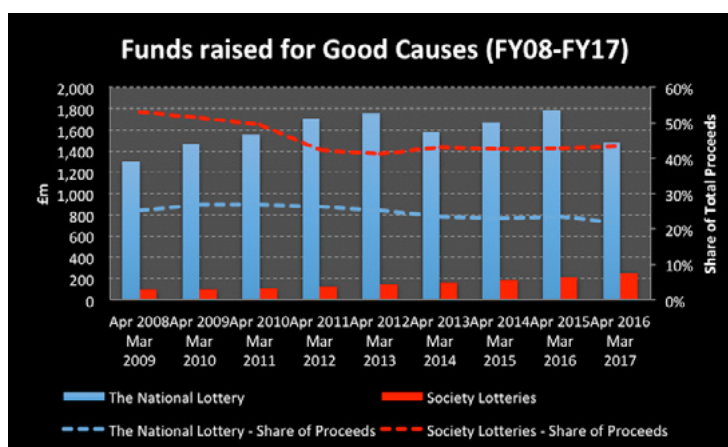


# Society Lotteries and The National Lottery



Charity fundraising by society lotteries complements the fundraising of the National Lottery, and many of the charities supported by the players of People's Postcode Lottery also receive funding from the National Lottery. We believe the best outcome for both types of lottery is for the sectors to grow together, therefore maximising funds to good causes.

Gambling Commission statistics show that the trend over the last decade has been for funds to good causes from the National Lottery to grow at the same time as funds to good causes from society lotteries. This can be seen in the table below, which also shows the percentage of sales going to good causes from both the National Lottery and society lotteries.



## Gambling Commission Economic Model

On 24 January 2018, at an evidence hearing of the House of Commons Public Accounts Committee, the **Permanent Secretary of the Department of Digital, Culture, Media and Sport, Sue Owen**, stated that the Gambling Commission now have economic modelling on the National Lottery.

Discussing factors which affect the National Lottery she said that:

*“in this model, competition from society lotteries does not come out as a significant variable.”*

On 16 March 2018, in a letter to The Lotteries Council, the Gambling Commission stated that in their economic model:

*“Society Lottery sales were not determined to be a material driver of National Lottery sales demand.”*

## The 2016-17 drop in National Lottery funds to good causes

There was a drop in National Lottery funds to good causes in the most recent Gambling Commission annual statistics (2016-17). Encouragingly the most recent Gambling Commission quarterly statistics show National Lottery funds to good causes rising again – up £93.3m (24.3%) on the previous quarter.

This drop is not because of society lotteries. The Gambling Commission, Camelot and academics have stated that the 2016-17 drop was because of changes made to the Lotto draw – an increase in the ticket price and the number of balls in the draw.

“Despite remaining the most popular gambling activity there has been a continued decline in participation in the National Lottery draws coinciding with, amongst other factors, the increase in ticket price from £1 to £2 which was introduced in October 2013”

**Gambling Commission: ‘Gambling participation in 2016, behaviour, awareness & attitudes’ Feb 2017**

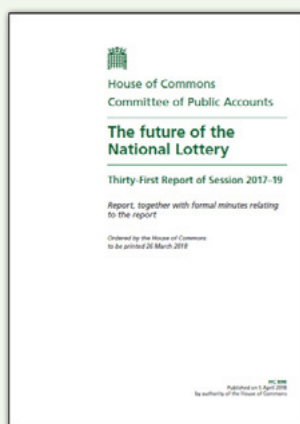
“the main reason for the fall in sales last year was the disappointing performance of the National Lottery’s core draw based games – especially Lotto, with player confidence in the game still fragile following the recent game changes”

**Camelot Spokesperson, Financial Times, 2.9.17**

“There has been a drop since the price went up and a further drop when they increased the number of balls in the game from 49 to 59 which of course made the odds of winning much lower, so its 1 in 45 million chance of winning the jackpot now. So that was an issue for people as well”

**Dr Carolyn Downs of Lancaster University; BBC Radio Wales interview, 24.1.18**

## April 2018 House of Commons Public Accounts Committee Report



In April 2018 The House of Commons Public Accounts Committee published its report ‘The Future of the National Lottery’. The report gives several reasons why National Lottery funds to good causes fell in 2016-17, none of which relate to society lotteries. These are:

- “The drop in returns to good causes was because more players bought scratch cards, whilst sales of draw based games, with higher returns to good causes, declined.” (p3)
- “...players are less aware of the link between playing the lottery and supporting good causes. They are less positive about the [National] lottery and so buying fewer tickets.” (p7)
- “We asked Camelot whether these contradictory game changes had contributed to people spending less on the Lotto game. Camelot accepted that, after a short-term boost to sales, these game changes had contributed heavily to a disappointing year in 2016-17.” (p10)

Committee Chair, **Meg Hillier MP**, commented: “the detrimental effects of tinkering with the format of the [National] Lottery, and a decline in public awareness of its support for good causes, are also clear.”

## Research on society lotteries co-existing with The National Lottery

**There is no evidence that fundraising by society lotteries has impacted on the National Lottery. Numerous pieces of research have looked into this issue.**



**April 2012 NERA Economic Consulting report, ‘Assessment of Lottery Market Issues’** commissioned by the Department of Culture, Media and Sport and the Gambling Commission, did not find evidence to support any impact of society lotteries on the National Lottery.

Instead it found the impact of deregulation of society lotteries would likely “be an increase in total proceeds available for good causes”.



**May 2013 nfpSynergy report: ‘A Chance to Give’**

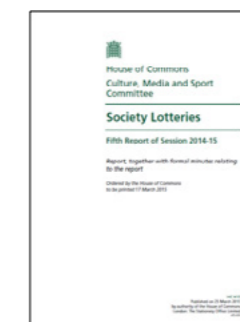
“We believe that we can create regulations that minimise the regulatory burden for all organisations using society lotteries (without any conceivable impact on the National Lottery) and maximise the amount of money that is raised for good causes.”



**February 2014 Centre for Economic and Business Research report ‘How Society Lotteries could do even more for good causes’**

“there is little evidence to support the notion that society lotteries undermine the National Lottery”

“if regulations were to be relaxed, the potential increase in society lottery-donated funds to good causes would, in all likelihood, complement rather than detract from those provided by the National Lottery”.



**March 2015 House of Commons Culture, Media and Sport Committee report ‘Society Lotteries’**

“We do not consider that there is any indication that the Lottery is being significantly affected by any of the society lotteries currently operating.”



**December 2017 National Audit Office report ‘National Lottery funding for good causes’**,

“The Department has stated that it is not aware of any evidence of significant substitution of sales between the Lottery and society lotteries to date.”

## Maintaining the unique position of The National Lottery

There are many differences between the National Lottery and society lotteries and the implementation of People's Postcode Lottery's proposed changes in the law relating to society lotteries will not change that. These differences are shown in the graphic below

GB Society Lotteries	National Lottery
<ul style="list-style-type: none"> <li>Regulated under Gambling Act</li> </ul>	<ul style="list-style-type: none"> <li>Regulated under National Lottery Act</li> </ul>
<ul style="list-style-type: none"> <li>Have an annual turnover limit</li> </ul>	<ul style="list-style-type: none"> <li>No annual turnover limit</li> </ul>
<ul style="list-style-type: none"> <li>Have a draw limit</li> </ul>	<ul style="list-style-type: none"> <li>No draw limit</li> </ul>
<ul style="list-style-type: none"> <li>Have a prize cap</li> </ul>	<ul style="list-style-type: none"> <li>No prize cap</li> </ul>
<ul style="list-style-type: none"> <li>Top prizes limited to £25,000 or 10% of draw revenue</li> </ul>	<ul style="list-style-type: none"> <li>Top prizes are tens of millions of pounds</li> </ul>
<ul style="list-style-type: none"> <li>Can't operate in Northern Ireland or Isle of Man</li> </ul>	<ul style="list-style-type: none"> <li>Operates across UK and Isle of Man.</li> </ul>

Probably the main difference is the size of the top prize between society lotteries and the National Lottery. At present Lotto often has top prizes of £10million to £20million and the Euromillions often has top prizes over £70 million, and sometimes over £150 million.

In contrast the maximum allowable top prize in a society lottery is 10% of the value of the tickets in the draw. This makes the theoretical top prize £400,000 at present. Even with our proposed changes there will still be a huge difference in the maximum top prize between the National Lottery and society lotteries.

### People's Postcode Lottery are calling on the UK Government to

- **Raise the society lottery annual turnover limit to £100 million**
- **Raise the society lottery draw limit to £10 million**

Society lotteries are becoming an increasingly important part of charity fundraising, with over £255 million raised for good causes in 2016-17. However the current law relating to society lotteries is outdated and is restricting fundraising. It sets a low limit on the annual income for each society lottery, as well as a limit on the total value of the tickets in each lottery draw.

These limits restrict the funding available to charities, increase administration costs and result in a complicated fundraising ticket model. Simple changes, at no cost to the taxpayer, will make a huge difference.