



**More in  
Common**

# **Charity lottery fundraising and the annual sales cap**

More in Common Briefing for People's  
Postcode Lottery

November 2024

## Background and Summary of Sales Limits

Charity lotteries have been subject to sales limits since the 1960s, with the current regulatory framework established by the 2005 Gambling Act. Charity lotteries are unique in the gambling sector as the only product subject to an annual cap on sales, effectively imposing a limit on charity fundraising by law.

There are three sales caps currently in place for charity lotteries:

- Annual sales limit: £50 million
- Per draw sales limit: £5 million
- Per draw prize limit: £500,000

The rationale behind these limits are unclear. It does not appear to be a safeguarding issue, as other gambling products are not subject to the same caps, nor does it appear to be a method to control the overall gambling market size, as charity lotteries represent a small fraction of total gambling activity. Indeed, in 2016 the Gambling Commission stated that it has been “unable to uncover any reference as to why these limits were put in place.”<sup>1</sup>

It has been suggested that the caps act as a check on charity lottery growth to protect the National Lottery’s monopoly. However, evidence from multiple studies shows that charity lotteries do not negatively impact National Lottery sales, and both sectors have grown in tandem. The government’s stated ambition is to raise the annual sales limit to £100 million - while the sector may welcome this as a move in the right direction, there appears to be no regulatory or business reason to have a cap at all.

## Impact on third sector funding

The charity lottery sector in the UK generates over £450 million a year for charities<sup>2</sup>. This is an important funding stream for charities as they face significant pressures from persistently high inflation in recent years and the broader cost of living crisis. This challenge is three-fold: first, people have less spare money to donate to charities; second, charities operating costs have increased, and third, charities are responding to increased needs in their communities.

The donations generated by charity lotteries, in addition to providing an extra funding source, also serve an important purpose for charities, as they are not ring-fenced for projects and can contribute to core funding (unlike donations from the National Lottery). Charity lotteries can also contribute to some causes which are not eligible for National Lottery funding, such as animal welfare.

The income generated from charity lotteries serves an important purpose, but is not realising its full potential due to the sales cap. Charity lottery operators are allowed to operate under

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<sup>1</sup> [2018, Gambling Commission, Advice provided to DCMS on society lotteries](#)

<sup>2</sup> [2024, Gambling Commission, Industry Statistics](#)

separate legal entities which are individually but not collectively subject to the sales cap. As a result, the sales cap acts only as a bureaucratic and administrative hurdle which unnecessarily limits the funding charity lotteries can provide to good causes.

The sales cap also limits the flexibility of charity lotteries in responding to charitable needs, such as natural disasters or crises like COVID-19. Indeed, this funding was particularly important during COVID-19 when other charity funding streams, such as shops and in-person events, were impacted.<sup>3</sup>

People’s Postcode Lottery, one of the largest charity lottery operators, manages lotteries under 20 different trusts, a complex structure arising solely in order to comply with the limits, leading to increased bureaucracy and expenses (Figure 1). In 2022, three Postcode Trusts nearly reached the £50 million ceiling and had to reduce ticket prices, resulting in approximately £1 million of lost potential income affecting 31 charities.

Figure 1



People’s Postcode Lottery have estimated that the cap on annual sales will deprive supported charities of some £175 million of funding over the next five years. Figure 2 displays the indicative amounts that People’s Postcode Lottery could provide to its supported charities if the cap were lifted, as per the organisation’s 2024 financial projections.

Figure 2

<sup>3</sup> [2022, People’s Postcode Lottery, Limitless Potential: The case for lifting the cap on charity lottery fundraising](#)

Charity	Potential extra funding (millions)	Charity	Potential extra funding (millions)	Charity	Potential extra funding (millions)
Maggie's	£5.0	NSPCC	£3.0	Mary's Meals	£1.1
ActionAid	£4.2	Canal & River Trust	£3.0	Children 1st	£1.1
British Red Cross	£4.2	Guide Dogs	£2.5	Global Witness	£1.1
Breat Cancer Now	£4.2	Client Earth	£1.8	Liberty	£1.1
Amnesty International	£4.1	Ellen MacArthur Foundation	£1.8	The Sentry	£1.1
Plan UK	£4.1	Greenpeace	£1.8	Thomson Reuters Foundation	£1.1
Save the Children	£3.8	African Parks	£1.8	National Trust for Scotland	£1.0
War Child	£3.8	Human Rights Watch	£1.4	The Conservation Volunteers	£1.0
Crisis UK	£3.8	Action Against Hunger	£1.4	Book Aid International	£0.9
Royal Voluntary Service	£3.8	CARE International	£1.4	RZSS	£0.8
Dogs Trust	£3.8	Alzheimer's Society	£1.3	Re-engage	£0.8
PDSA	£3.8	Carers Trust	£1.3	Riding for the Disabled Association	£0.8
RNIB	£3.7	Missing People	£1.3	AfriKids	£0.8
Barnardo's	£3.7	Battersea	£1.3	Magic Breakfast	£0.7
Girlguiding	£3.7	Peace Direct	£1.2	Pkace2Be	£0.7
Friends of the Earth EWNI	£3.6	Women for Women International	£1.2	Helen Bamber Foundation	£0.7
The Wildlife Trusts	£3.6	Keep Britain Tidy	£1.2	Dementia Adventure	£0.7
WWF-UK	£3.6	National Trust	£1.2	Whizz-Kidz	£0.6
Depaul UK	£3.5	Marine Conservative Society	£1.2	The Silver Line	£0.6
Oxfam GB	£3.5	Wildfowl & Wetlands Trust	£1.2	Medical Detection Dogs	£0.6
Theirworld	£3.2	Zoological Society of London	£1.2	Yorkshire Dales Millennium Trust	£0.6
Unicef UK	£3.2	Prince of Wales's Charitable Fund	£1.1	Children North East	£0.5
Cats Protection	£3.1	The Reader	£1.1	Daisy Chain	£0.5
Young Lives vs Cancer	£3.0	Volunteering Matters	£1.1	Kinship/Grandparents Plus	£0.5
				Various Grassroots Charities	£17.5



Source: People's Postcode Lottery Analysis

In 2020, the government lifted the cap on charity lottery ticket sales from £10 million to £50 million. This was a move welcomed by the sector and had a clear on-the-ground impact in freeing up resources to invest in charities. For example, People's Postcode Lottery was able to consolidate from 58 to 20 entities. The subsequent administrative savings allowed People's Postcode Lottery to give an additional £5.3 million to charity in 2021.<sup>4</sup>

An important point on this additional funding that could be made available to charities is that it would come at no additional cost to the government or to the taxpayer, which is particularly appealing in a tight fiscal environment.

Players in charity lotteries are not directly impacted by the cap - removing the cap would therefore have no impact on their behaviour or experience, but more funding would be made available to charities if operators didn't need to lower ticket prices to avoid hitting the sales cap.

<sup>4</sup> [2021. People's Postcode Lottery. We're doing more](#)

## Impact on the National Lottery

The charity lottery sector acts as a complement to and not a competitor of the National Lottery. The stated policy of the Department for Culture, Media and Sport is to allow the National Lottery and charity lotteries to grow together in tandem. However, there has been a longstanding concern over whether removing the cap on annual sales for charity lotteries would inhibit the growth of the National Lottery.

To respond to these concerns, the Gambling Commission has conducted three separate econometric studies, consistently finding “no statistically significant effect of society lotteries affecting National Lottery sales<sup>5</sup>.” Similar findings have occurred in other European countries which operate national and charity lotteries. Instead, the presence of charity lotteries tends to grow the overall lottery sector, rather than syphoning funds from national lotteries.

In 2022, as part of its inquiry into the future of the National Lottery, the DCMS Select Committee concluded that:

*“We [The Select Committee] do not consider that society lotteries pose a threat to the charitable giving of the National Lottery, in line with the views of the Gambling Commission and the Department. Recent years have seen significant reforms to society lottery regulation that have allowed total sales and good cause returns to reach record levels at the same time as the National Lottery achieved record sales.”<sup>6</sup>*

The National Lottery operates under a different legislative framework than charity lotteries, with the key differentiator of “life-changing prizes.” Removing the annual sales cap on charity lotteries would not change this National Lottery differentiator.

Following the regulatory changes to charity lottery annual ticket sales in 2020 there has been continued growth in the National Lottery, with both the National Lottery and the charity lottery sector having reached record levels of ticket sales.

Government’s initial review in 2022 found that the increased limits were showing signs of allowing the charity lottery sector to grow without harming the unique position of the National Lottery<sup>7</sup>, though some caution was expressed around possible data impacts of COVID-19. In 2024, then- Gambling Minister, Stuart Andrew MP commissioned fresh research on the charity lottery sector to inform future decisions around sales caps, in response to the desire from operators and charities for further reform. The research will report in 2025.

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<sup>5</sup> 2017, Gambling Commission, Review of society lotteries advice

<sup>6</sup> [2022, DCMS Select Committee, What next for the National Lottery?](#)

<sup>7</sup> [2022, Gov.uk, One year review of society lotteries sales and prize limits](#)

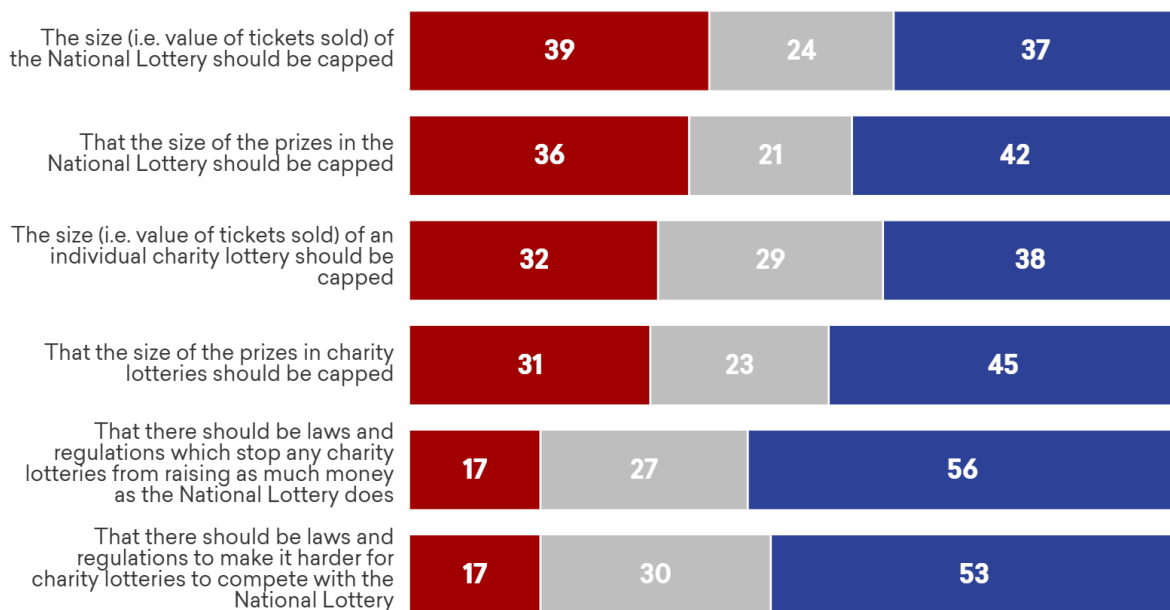
## Public attitudes<sup>8</sup>

The British public would largely support a move away from laws and regulations which restrict the ability of charity lotteries to grow. Over half the public say there should be no such regulations that stop charity lotteries from raising as much money as the National Lottery, or that make it harder to compete with the National Lottery (56 per cent and 53 per cent support respectively).

The public are also more open to changes to the regulatory framework for charity lotteries than they are on the National Lottery. The public are more likely to support capping the size of the National Lottery than charity lotteries - by seven points (39 per cent for the National Lottery compared to 32 per cent for the charity lotteries). While the public are narrowly more likely than not to say that the size of the National Lottery should be capped (39 per cent to 37 per cent, with a quarter (24 per cent) saying "Don't know"), they hold the opposite view for charity lotteries - 38 per cent say there should not be a cap, compared to 32 per cent who say there should be (and 29 per cent "Don't know").

### Please answer the questions below about charity lotteries. Do you think...

● Yes ● Not sure ● No



Source: More in Common, September 2024

Seven in ten (70 per cent) of those who have bought a charity lottery ticket have also bought a National Lottery ticket, further indicating that the two industries are not in competition, but

<sup>8</sup> 2024, More in Common polling

are complementary to one another. Instead, those who participate in charity lotteries may do so because they want to contribute to a good cause with the added benefit of possibly gaining some money, a different motivation from the chance to win a life-changing prize with the National Lottery.

## **For further information**

For any further information or background on this briefing, please contact Jenna Cunningham - Research and Data Analyst at More in Common. Email: [jenna@moreincommon.com](mailto:jenna@moreincommon.com)