

NCVO Submission to the Culture, Media and Sport Select Committee's Inquiry into Society Lotteries.

Established in 1919, the National Council of Voluntary Organisations (NCVO) represents over 11,000 organisations, from large 'household name' charities to small voluntary and community groups involved at the local level. NCVO champions voluntary action, our vision is a society where we can all make a difference to the causes that we believe in. A vibrant voluntary and community sector deserves a strong voice and the best support. NCVO works to provide that support and voice.

It is important to disclose that NCVO holds its own lottery licence and will shortly begin operation of a lottery.¹ Further, we estimate that within our membership around one hundred organisations hold a society lottery licence themselves. The following submission to the Culture, Media and Sport Select Committee's Inquiry into society lotteries has been informed by conversations we have had with key informants, NCVO's members, and charities that run society lotteries.

From talking with our members and the rest of the sector, it is clear that the money voluntary organisations receive from society lotteries is incredibly valuable to them. This is true for those that host their own raffles and lotteries, as well as those that receive funding from larger schemes. This funding goes towards innovative and grassroots projects that have a huge impact on the communities involved, and which might not have otherwise found funding. Importantly, it is unrestricted income. For these reasons, NCVO supports the aim of ensuring that society lotteries are able to thrive and deliver the maximum benefit to good causes.

Our submission to this inquiry highlights that:

- There is increasing public interest into charities' activities, especially fundraising methods and related administrative costs. Society lotteries are valuable fundraising tools and as such are likely to attract similar levels of scrutiny. Charities and other bodies running society lotteries should therefore clearly communicate all relevant information, including the breakdown of proceeds going to good causes, prizes and expenses.

¹ See appendix

- The Gambling Commission should also make more information available, by publicly releasing data on each society lottery's ticket breakdowns. This will contribute towards allowing for the public to make informed decisions.
- Any legislation aimed at society lotteries could in turn have an effect on how the public views and trusts the charities that run them and the charity sector more widely. Therefore it is incumbent on anyone advancing proposals to change society lottery legislation to prove that this would have no negative impact on the levels of public trust and confidence in charities that fundraise and indeed the sector more broadly.
- In particular, any proposal recommending the relaxation of the statutory 20% of proceeds to good causes must be based on sound evidence that such a change would be beneficial to society lotteries and would not damage the public's trust in charities.
- The proportion of proceeds that society lotteries give to good causes should be the distinguishing aspect of each society lottery and what attracts the public to this market.
- At the moment, it is our view that there is insufficient data publicly available on the basis of which informed policy decisions can be made on whether to increase the prize limit and the individual draw and annual turnover caps.
- In order to help society lotteries flourish and enable more charities to hold their own, we would like to see a simplification of the regulatory requirements currently in place for starting a society lottery.

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Public Trust in charities

1. As the largest representative body for the voluntary sector, it's a key priority for NCVO to ensure that levels of public trust and confidence in charities remain high.
2. As well as running their own society lotteries, many charities are publicly associated with larger scheme lotteries through the money they receive from them. Society lotteries are inherently linked to the good causes they were set up for, and therefore legislation that changes the way they operate could also change the way the public view the charities and good causes associated with them. Any changes to the legislation on society lotteries must not have a negative impact on public trust and confidence in charities. It is therefore incumbent on anyone proposing changes that affect society lotteries to prove there will be no detrimental effects to the public's trust in charities.

Transparency

3. NCVO is committed to increased transparency and believes that charities and other civil society organisations should communicate clearly with the public about their activities.
4. Fundraising and other income generating methods are of particular public interest, with the public wanting more information about how much money goes towards charitable activities and how much goes towards administration costs. Society lotteries are valuable tools of fundraising for charities, bringing in new donors as well continuing to engage those who already support their cause in new ways. According to the latest data from the Gambling Commission, society lotteries give an average of 44.5% to good causes².
5. However, information on the breakdown of a society lottery's ticket towards prizes, expenses and good causes can be difficult and in some cases impossible to find. This could have negative consequences on how the public understands the role of charities and other organisations in running society lotteries, and could lead to unhelpful speculation on how much money goes to good causes.
6. NCVO recommends that society lotteries should print the breakdown of lottery proceeds going towards prizes, expenses and good causes on their lottery tickets, as well as including this information within their written terms and conditions. This would respond

² Gambling Commission Industry statistics April 2009 – September 2013.

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to the public mood that fundraising methods be clear and transparent, and would mean that society lottery operators are clearly communicating with their supporters.

7. Making this information clear on an individual lottery basis will increase transparency overall and enable the public to make informed decisions about where their money was going, including whether or not to partake in a lottery.
8. The amount of proceeds going to good causes is, in the public's view, the defining aspect of society lotteries. NCVO is mindful that there could be damage to public trust and confidence in charities more widely if one or more society lotteries direct to good causes what could be considered as a small proportion of the proceeds but do not make this clear in their marketing.
9. Therefore any reduction of the 20% statutory contribution to good causes needs a strong argument to demonstrate that it is both beneficial for the society lottery itself and that it will cause no damage to the public's trust in charities.
10. We would like to see the proportion going to charity being the defining characteristic that attracts the public to society lotteries. This would not only allow public to make an informed decision on which lottery to support, but also naturally encourage lotteries to maximise the amount going to good causes.
11. The Gambling Commission, as the responsible regulatory body, should ensure that the market operates efficiently and effectively. We would like to see them maintain up to date and publicly available data tables that show the proportions each lottery divides between good causes, prizes and expenses. This will enable the public to better understand their buying choices as well as making the amount society lotteries give to good causes their selling point.

Deregulation on Prizes and Annual Caps

12. At present, NCVO believes that it is not possible to come to any conclusion on whether to substantially increase the sizes of prizes or the individual draw and annual proceeds caps. This is due to the insufficient information available on the market. Without understanding how many lotteries are hitting the prize limits or the individual draw and annual caps, and would therefore benefit from being able to sell more tickets with higher prizes, we do not think there is enough evidence to recommend a change in policy.

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13. We would therefore recommend that the Gambling Commission start collecting intelligence on the matter. If it becomes clear that the caps are an issue inhibiting a substantial amount of society lotteries then it should be revisited within the next 2-3 years.

Further maximising the amount to good causes

14. NCVO's main objective is to ensure that the resources that go to good causes through society lotteries are maximised. We believe that this could be achieved by reducing the resources needed to run lotteries and the regulatory burdens involved in starting society lotteries. The process of setting up a society lottery is onerous and smaller organisations with fewer resources often struggle the most. Simplifying this process would allow more organisations to start and maintain their own lotteries allowing the sector to flourish.

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Appendix

NCVO's lottery - Give and Win.

NCVO is soon to launch a new lottery in conjunction with the Sport and Recreation Alliance. Give and Win will operate solely online with the help of Capen, an external lottery manager. Any of NCVO's members can sign up for free to join the lottery. A minimum of 40% of the proceeds will be distributed to good causes. Tickets cost £2 and players can choose which participating charity their good cause contribution will go to; with charities that are part of the lottery invited to promote the lottery to their own supporters, who can then purchase tickets that will benefit that organisation alone.

It is expected that NCVO's lottery will benefit mainly smaller organisations who would struggle to set up their own society lotteries. Whilst the expected returns will initially be relatively small the hope is eventually that we can enable some organisations to embark on new projects that they wouldn't otherwise have been able to afford.

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