

THE FUTURE OF THE NATIONAL LOTTERY

NCVO CONSULTATION RESPONSE

29 August 2018

About NCVO

Established in 1919, the National Council for Voluntary Organisations (NCVO) is the largest representative body for voluntary organisations in England, with over 14,000 members. 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 sector deserves a strong voice and the best support. NCVO works to provide that support and voice.

What challenges will the next operator of the National Lottery face, and what can Government and the Gambling Commission do to mitigate against them?

Umbrella lotteries

The planned changes to prize and sales limits for society lotteries, which we discuss further below, require us to address the issue of umbrella lotteries and how far they should be able to expand.

As pointed out by the Culture, Media and Sport Select Committee, umbrella lotteries, such as those run by the Health Lottery and People's Postcode Lottery, are in law groups of individual society lotteries, marketed under a national brand. However, provided that none of the individual lotteries exceeds the current limits on proceeds and prizes, the total amount that the umbrella lottery is permitted to raise is the aggregate of the maximum amounts each of the constituent lotteries may raise. This means that an umbrella lottery formed of ten large society lotteries would be permitted to raise ten times the maximum for a single lottery per year.

We agree with the Committee that the maximum limits on society lotteries should not be bypassed in this way. It is for government and Parliament to consider how far they wish umbrella lotteries to expand, on the basis of evidence. We urge government to develop specific regulation for the class of umbrella lotteries, with its own set of limits on individual draws, annual sales and prizes.

Transparency

NCVO has long recommended that society lotteries should communicate more clearly the breakdown of lottery proceeds going towards prizes, expenses and good causes. We would also like to see more prominent communication about the breakdown of proceeds from the National Lottery. Ideally, this information should be on the face of lottery tickets. We recognise this is complicated because neither the National Lottery nor society lotteries can

say how much a particular draw will raise either as a percentage or an absolute sum, but one option could be to publish the amount raised for good causes over the past year.

What has been the impact of society lotteries, or other changes to the lottery market, on the main National Lottery draw?

The question of the lottery marketplace – whether, and if so to what extent, increases in society lotteries’ size affects the National Lottery and the amount raised for good causes by all lotteries – is clearly an important one for the National Lottery.

Currently planned increases in prize limits seem likely to have a minimal impact on the National Lottery according to the Gambling Commission: while society lotteries offer a differentiated product with smaller prizes, substitution between the two is likely to remain minimal. Polling evidence also shows that there would only be a small effect in potential player composition with a shift from £400,000 to £500,000. As a result, we supported these increases when the Department for Digital, Culture, Media and Sport consulted upon them.¹

The annual sales limit increase – from £10m to £50m – is a more considerable change than the prize limits or the per draw limit (from £4m to £5m). We supported a rise to £100m in the consultation.² We were persuaded that keeping the annual threshold at the current level or only applying a very modest increase would do nothing to alleviate the bureaucratic burden for the largest charities, and potentially deter medium and moderately large charities from growing their fundraising. It is also worth noting that umbrella lotteries and some of the largest charities might well choose to purchase more licences anyway, reducing the practical point of only opting for small changes.

NCVO’s focus in this debate is on how to maximise returns to good causes. However, given recent changes, we think it is more important than ever to have more evidence on the lottery marketplace and would like to see more detailed and independent research. The debate on society lotteries and the lottery marketplace is likely to continue. We would like it to take place with more information about the potential impact of major changes upon both the National Lottery and overall returns to good causes.

¹ Our consultation response can be accessed at: <https://blogs.ncvo.org.uk/wp-content/uploads/2018/09/Society-Lotteries-Reform-Consultation-NCVO-Sep2018.pdf>

² Ibid.