

**People's Postcode Lottery written response to Department for Digital, Culture, Media and Sport  
Consultation on Society Lottery Reform**

**August 2018**

**1. About People's Postcode Lottery**

1.1. People's Postcode Lottery is an External Lottery Manager which manages multiple society lotteries promoted by different charities. People's Postcode Lottery is the trading name of Postcode Lottery Limited which is regulated by the Gambling Commission under licences number: 000-000829-N-102511 and 000-000829-R-102513. Our registered office is: Titchfield House, 69/85 Tabernacle Street, London, EC2A 4RR. We are part of the Novamedia Group, and ultimately owned by the Novamedia Foundation Trust.

1.2. To date players of People's Postcode Lottery have raised over £330 million for good causes. 32% of the value of each ticket goes to good causes, well above the statutory 20%. Our players now raise approximately £10 million for good causes every month.

1.3. The society lotteries we manage have together supported over 4,400 charities and good causes in a wide range of sector areas. These include over 80 larger charities working in the areas of: support for the elderly, support for young people; support for people living with health problems, environmental protection; animal welfare; wildlife conservation; sport; culture and the arts; international development and human rights.

1.4. The type of funding provided is very important to our charities, with a focus on unrestricted and predictable funding for the larger charities supported. This means that charities can use funding for core costs if desired or indeed for further fundraising – using these funds to leverage more income. The impact of this model is explained in the report 'Funding for Impact', published in April 2018 by nfpSynergy.

<https://www.postcode lottery.co.uk/uploads/media/default/0001/04/21e7a6069b078f0ebfe3b760d5a6e0710d3b5a75.pdf>

**2. People's Postcode Lottery view on the Government's consultation**

2.1. We warmly welcome the Government's consultation and also appreciate the warm praise for society lotteries from Sport and Civil Society Minister, Tracey Crouch MP, in her foreword to the consultation. In particular, we welcome her statement that "Society lotteries are a fundamental part of the giving landscape, and alongside the National Lottery, play an important role in supporting good causes across the UK."

2.2. We also welcome that the Minister recognises in her foreword, the complementary nature of society lottery and National Lottery good cause funding, and that "the growth of the society lottery sector to date has not been at the detriment of the National Lottery."

2.3. We also note that proposals in the consultation will enable Ministers to meet Objective 5.6 in the Department for Digital, Culture, Media and Sport Departmental Plan, which states that the department wants society lotteries to "thrive".

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### **3. People's Postcode Lottery view on the Government's objectives in reforming society lottery law.**

3.1. We also welcome the Government's three objectives in reforming the law in this area:

- The regulatory framework for society lotteries should not be overly burdensome, and new entrants should not face unnecessary barriers;
- Public trust and confidence in society lotteries and the good causes with which they are associated should be maintained;
- Reform should not jeopardise the position of the National Lottery and its return to good causes.

3.2. In regard to the first objective we support this objective and are strongly of the view that the current law has resulted in a regulatory framework which is overly burdensome. We strongly urge the Government to ensure that its new proposals are not overly burdensome.

3.3. We share the second and third objectives. As an organisation with charities at the heart of what we do, and set up specifically to raise funds for good causes, we are strongly supportive of the National Lottery. We wish the National Lottery to continue to grow the funds it raises for good causes, not least because many of the charities supported through People's Postcode Lottery also receive funding from the National Lottery. We set out the evidence for the complementary nature of the National Lottery and society lotteries at paragraph 6. below.

### **4. Summary of People's Postcode Lottery response to Government proposals.**

4.1. We welcome the direction of travel of the Government and especially its preferred proposal to raise the society lottery Annual Sales Limit to £100 million - a proposal we strongly support.

4.2. Whilst we welcome the increase in the Per Draw Sales Limit to £5 million we believe it should be raised further to £10 million in order to meet Government's first objective.

4.3. We also welcome the Government's proposal to increase the per draw prize limit to £500,000. We note the option in the consultation to increase the Per Draw Sales Limit to £10 million if the per draw prize is capped at £500,000. We are supportive of this option.

### **5. Timescale for implementation of consultation outcomes.**

5.1. We understand that following the end of the consultation period on 7<sup>th</sup> September 2018, there will be a three-month consideration period before the Government decides what action to take on this issue. Thereafter presuming changes are to be implemented, there will be a period of parliamentary consideration of proposed legislative changes.

5.2. We urge Ministers to keep the consideration period to a minimum and not to delay in beginning the parliamentary process, or once passed to delay the implementation of the new legislation. This is because the interaction between growing ticket sales and the current annual sales limit means that People's Postcode Lottery face having to consider expensive and bureaucratic changes to our operating model in early 2019. This would ultimately lead to charities and good causes losing out. We go into more detail on the problem forcing these changes in paragraph 8.6.5. of this submission.

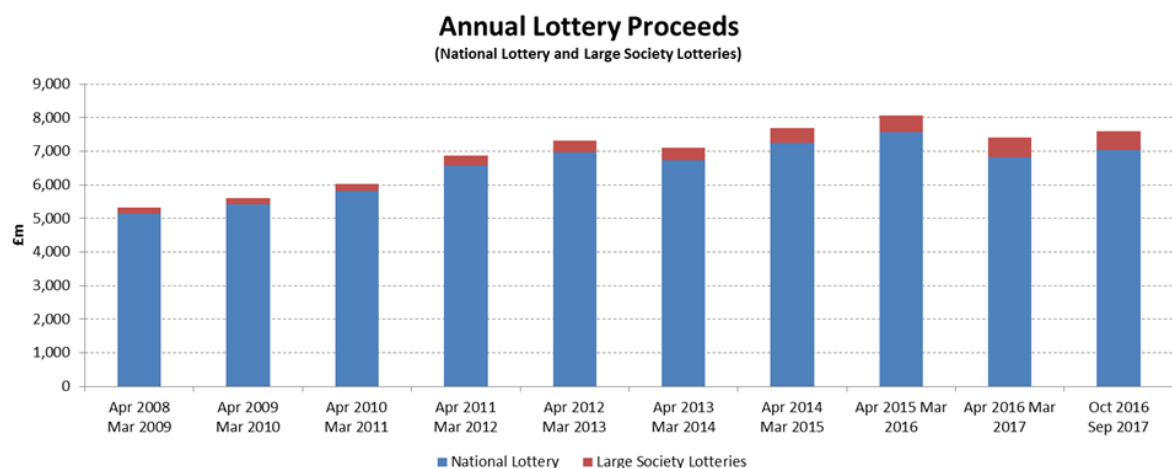
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5.3. The timing of new legislation on this issue is therefore of importance and we urge the Government to ensure that new legislation is in place and operational by December 2018.

## 6. Society Lotteries and the National Lottery

6.1. It is clear from the Government's consultation document and the Gambling Commission advice to Government on this issue that the protection of the National Lottery's ability to raise funds for good causes is an important objective of the Government in considering reforming the law on society lotteries. People's Postcode Lottery share this objective and we believe that the win-win for the country is for the Government to put in place a legal and regulatory landscape which helps grow both society lotteries and the National Lottery.

6.2. Gambling Commission official statistics show that society lotteries and the National Lottery have grown in tandem for most of the last decade as the graph below shows. The only dips in the growth of the lottery sector during this decade have been in 2013-14, which reflects 2012-13 being boosted by lottery products linked to the London Olympic Games, and 2016-17 – which many commentators including the Gambling Commission, Camelot, and the House of Commons Public Accounts Committee, have put down to changes in the Lotto draw. Comments from various interested parties are quoted below and support this view.



6.2.1. Camelot said: *“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 still fragile following the recent game changes.”* Camelot Spokesperson, Financial Times, 2 September 2017.

6.2.2. Dr Carolyn Downs of Lancaster University said: *“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.”* BBC Radio Wales interview, 24 January 2018.

6.2.3. The House of Commons Public Accounts Committee said: *“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”* (page 10, House of Commons Public Accounts Committee Report 'The future of the National Lottery' April 2018')

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6.3. The Gambling Commission have considered the issue of the relationship between the National Lottery and society lotteries in significant depth and have developed an economic model on the factors influencing the National Lottery. The Gambling Commission stated, in a letter to The Lotteries Council dated 16 March 2018, that the model showed that *“Society Lottery sales were not determined to be a material driver of National Lottery sales demand.”*

6.4. This position is re-enforced in the Gambling Commission’s ‘Review of society lotteries advice’ provided to the Government in October 2017, and published on 29 June 2018. It says (page 1) that despite well over 100% growth in the society lottery sector over the past five years *“there is no further evidence of impact on National Lottery sales.”*

6.5. It goes on to point out the significant difference in the size of the two markets – which is also evident from the table in Paragraph 6.2 above. On this point the Gambling Commission say: *“although a significant growth for the society lottery market, that growth is comparatively low in terms of actual spend against that of the National Lottery. It would have been unlikely to have made a significant impact, even if all of those sales had been at the expense of the National Lottery.”*

6.6. On page 3 of the same document it also highlights that the Commission had reviewed previous forecasts relating to National Lottery demand and society lottery demand and it found, *“that there was no statistically significant effect of society lotteries affecting National Lottery sales.”*

6.7. Numerous other pieces of research have examined the connection between society lotteries and the National Lottery and have found that there is no negative impact on the National Lottery from society lotteries.

6.7.1. The April 2012 NERA Economic Consulting report, ‘Assessment of Lottery Market Issues’, which was 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 to good causes.”*

6.7.2. The May 2013 nfpSynergy report, ‘A Chance to Give’, said: *“We believe 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.”*

6.7.3. The February 2014 report by the Centre for Economic and Business Research, ‘How Society Lotteries could do even more for good causes’, said: *“there is little evidence to support the notion that society lotteries undermine the National Lottery.”* It also said: *“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.”*

6.7.4. The March 2015 House of Commons Culture, Media and Sport Committee report ‘Society Lotteries’, said: *“We do not consider that there is any indication that the Lottery is being significantly affected by any of the society lotteries currently operating.”*

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6.7.5. The December 2017 report by the National Audit Office, 'National Lottery funding for good causes', said: *"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."*

6.8. The market for lottery products is capable of further growth, and indeed has been growing for many years. The Department for Digital, Culture, Media and Sport and Camelot have made this point in regard to whether other products sold by the National Lottery take sales away from Lotto sales and say that they do not. Logically that must therefore be the same for society lotteries.

6.8.1. Giving oral evidence to the House of Commons, Public Accounts Committee on 24 January 2018, Sue Owen, Permanent Secretary at the Department of Digital, Culture, Media and Sport said: *"It is important to note that the different bits of the lottery are not competing, we don't think, against each other. Many players do both. Half the Lotto players also play other games and, of the ones who play scratchcards, I think about a quarter also play the lottery, so we don't think the different games are cannibalising each other."*

6.9. As well as the huge difference in scale there are many other significant differences between the National Lottery and People's Postcode Lottery. These are:

- they are subject to different legislation and regulatory regimes;
- the National Lottery, unlike society lotteries, has no draw, annual turnover or prizes limits;
- the National Lottery, unlike GB society lotteries, operates across the whole of the nation, including Northern Ireland and the Isle of Man. Society lotteries regulated by the Gambling Commission can only operate in England, Scotland and Wales.
- the National Lottery, unlike People's Postcode Lottery where subscriptions are bought online or over the phone, predominantly sells tickets through retail outlets, whilst People's Postcode Lottery is a subscription only lottery, with players paying monthly by direct debit or recurring PayPal or card payments.
- People's Postcode Lottery limits its players to six £10 subscriptions per month, whilst if you play the National Lottery you can buy as many tickets as you wish.
- People's Postcode Lottery has only one product – compared to the National Lottery which has a wide range of products including Lotto, Euromillions, Thunderball and a range of scratchcards and online instant win games.
- People's Postcode Lottery, unlike the National Lottery, does not operate rollovers, meaning that that all prizes from each draw are always won.
- The National Lottery, unlike People's Postcode Lottery, has a prime-time televised draw, ensuring profile and visibility.
- Society Lotteries have to give at least 20% of ticket income to good causes, and People's Postcode Lottery currently give 32%. This is not the case for the National Lottery with National Lottery scratchcards giving only between 5% and 16% to good causes, according to the National Audit Office. The most recent annual Gambling Commission statistics (year to March 2017) show that the National Lottery returns 21.5% to good causes from sales of all of its products.

6.10. All of these differences and distinctions with the National Lottery would remain in place with the society lottery reform package supported by People's Postcode Lottery, protecting the unique and distinct operating environment of the National Lottery. This allows the Government to meet its third objective of protecting the National Lottery.

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6.11. It is also worth noting the complementary nature of National Lottery funding and People's Postcode Lottery players funding isn't just in terms of the overall funds to good causes, but is also at an operational level within charities. Many of the charities our players fund also receive support from the National Lottery. However, because of the unrestricted nature of the funds from our players, to larger charities, they can use them to fund core costs, whilst National Lottery funds can then fund projects at the same charity.

## 7. National Lottery and Society Lottery advertising

7.1. Camelot, the current licence holder of the National Lottery, have previously raised the issue of Share of Voice in the lottery market, claiming that National Lottery Share of Voice has decreased by 25% (source: Hansard, House of Commons Public Accounts Committee meeting 24.1.18). Our understanding, using information sourced from Nielsen AdDynamix is that Camelot's share of voice did reduce between 2015-16 and 2016-17 but by 9% not 25%. However, this coincided with a reduction in their media spend by 13.9% in this period. The 9% reduction in share of voice would therefore seem attributable to Camelot's own decision to reduce their media spend by 13.9% over that period.

7.2. In the area of Share of Voice it is also worth noting evidence that marketing spend by different lotteries can have on the effect of boosting the whole market. This was one of the findings of the April 2012 report 'Assessment of Lottery Market Issues' produced by NERA Economic Consulting and commissioned by the Department of Culture, Media and Sport and the Gambling Commission. It said: *"the economic literature also provides some examples where existing games have benefitted from market entry or improvements in a competitor's game, probably reflecting marketing spillovers."*

7.3. The 2014 Centre for Economic and Business Research Report "What have we got to lose? How society lotteries could do even more for good causes", backed this position up saying: *"the academic literature reports some evidence of complementarities – where demand for one lottery boosts demand for another lottery. This is due to factors such as marketing spillovers, which occur when advertising boosts demand for rival products."*

7.4. In this context it is useful to note that survey of 2,064 People's Postcode Lottery players, conducted in April 2017, found that 74% also played the National Lottery.

7.5. The removal of the National Lottery's BBC TV Saturday evening televised draw, is also likely to have impacted on National Lottery Share of Voice, something we hope has at least partly been rectified as a result of the draw now being shown primetime on ITV.

## 8. People's Postcode Lottery view on the consultation questions

8.1. Our answers to the consultation questions are shown below, with a written explanation of our position on each.

### 8.2. Individual Draw Limit

Do you consider that the individual per draw sales limit should be amended?

- No - the limit should remain at £4 million
- Yes - the limit should be reduced to £2.5m

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- Yes - the limit should be increased to £5 million (Government's preferred option)
- **Yes - the limit should be increased to £10 million**
- Other: please specify

8.2.1. People's Postcode Lottery welcome the Government's proposal to raise the individual per draw sales limit from its current £4 million to £5 million, however our preferred option, and the one we have put forward since 2014, is for the limit to be raised to £10 million.

8.2.2. A £10 million draw limit is still a relatively small change in the limit, given it was doubled from £2 million to £4 million in the four years from 2005 to 2009. In the decade since, society lottery proceeds have more than tripled – which would suggest a limit of £12 million.

8.2.3. We disagree with the option to reduce the per draw sales limit to £2.5 million. With over £3 million worth of tickets already in each of the draws we manage this would cause a need for immediate restructuring of the family of society lotteries we manage, as well as a change in the ticket price. This would involve additional administration costs, such as having to change all of the terms and conditions for players. It would thus reduce funds to good causes.

8.2.4. We disagree with the option to maintain the per draw sales limit at £4 million. There are already over £3 million of tickets in each of the draws we manage, and with the player base still growing such that around £4 million of tickets could be in the draw by mid-2020. Retaining the per Draw Sales Limit at £4 million would therefore serve to limit the amount which could go to good causes at that point, as well as necessitating further costs in structural reorganisation to ensure that this limit was not breached. These are funds which we would much rather see going to good causes.

8.2.6. A rise in the per draw sales limit to £5 million, whilst an improvement on the current situation, will result in the value of tickets in each of the draws we manage coming up against the draw limit by 2022. This will mean we have to undertake a change of the structure of our operation in around 2021, probably including decreasing the value of tickets in each draw. In short, once the player base has increased to a level of 5 million tickets, such a limit would result in artificially limiting the amount which could be raised for good causes, and result in additional costs of restructuring. We understand that the concerns about raising the individual draw limit really relate to the consequential increase in the potential top prize. If so, this can be addressed via the option proposed by government to cap the top prize, as discussed in paragraph 8.4.

8.2.7. We also draw Ministers' attention to the fact that the draw limit was set at £2 million in 2005 and then was doubled to £4 million, four years later in 2009. A decade on, during which time there has been substantial growth in the society lottery sector, it therefore seems disproportionate to only grow the limit an additional £1 million. The current consideration of updating the society lottery limits has been ongoing since at least 2014 when we first put forward our proposal for the draw limit to be raised to £10 million. It thus seems likely that any future change to the limits will be many years into the future, and would entail another long period of Parliamentary and Governmental scrutiny. We thus believe that the Government should 'future-proof' the draw limit by raising it to £10 million.

8.2.8. Since the 2009 doubling of the draw limit, there has been no negative impact on the National Lottery. Indeed, in the nine years since 2009 National Lottery proceeds have grown 34.4% and National Lottery funds to good causes have grown 25.7%. Combined National Lottery and Society Lottery proceeds have grown by 40.9% and funds to good causes by 35.5%.

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8.2.9. There is widespread consensus on the need to increase the draw limit to £10 million. This proposal is backed by The Lotteries Council, The Institute of Fundraising, The Hospice Lotteries Association, The Association of Air Ambulances; and over 80 major charities. It also enjoys widespread parliamentary support across political parties.

### 8.3 Per draw maximum prize

Do you consider that the individual per draw maximum prize limit should be amended?

- No - the limit should remain at £400,000
- Yes - the limit should be reduced to £250,000
- **Yes - the limit should be increased to £500,000 (Government's preferred option)**
- Yes - the limit should be increased to £1 million
- Other: please specify

8.3.1. People's Postcode Lottery support the Government's preferred option to increase the maximum prize per draw to £500,000. We believe that this increases flexibility for prizes for society lotteries whilst maintaining the very large difference in prizes between society lotteries and the National Lottery. For example, in the first six months of 2018, the average Lotto jackpot was £8.73 million, (17.4 times a £500,000 society lottery jackpot) and the highest Lotto jackpot was £21 million, (42 times a £500,000 society lottery jackpot). In the same period the average Euromillions jackpot was £51.2 million, (102.4 times a £500,000 jackpot), and the highest Euromillions jackpot was £155.5 million, (311 times a £500,000 jackpot).

8.3.2. We also note that a maximum prize of £500,000 would only be achieved once a society lottery had £5 million in a single draw, because of the 10% link to the value of tickets in a draw. In People's Postcode Lottery's case we expect this to be around 2022 if sales continue to increase. It is thus not an immediate increase in the top prize.

8.3.3. We disagree with to the option to reduce the maximum prize and believe that there is no reason to reduce the existing limit. It would reduce flexibility on prizes and may reduce sales, thus going against the Government's desire to see funds to good causes increase.

8.3.4. We do not disagree with the option of a £1 million top prize. We also note that it is virtually impossible to achieve if it is linked to the rule stating that top prizes can be up to 10% of the value of tickets in a draw, as a society lottery would need to sell exactly £10 million worth of tickets in a draw to offer a £1 million top prize. To sell less would mean a lower prize, and to sell more would to break the law and thus the terms of the gambling licence conditions. We also note that a £1 million top prize, brought in linked to the 10% rule would not become payable immediately, but would only occur once society lotteries reach £10 million of sales per draw, which is likely to be many years away in the case of People's Postcode Lottery and other society lotteries currently operating.

8.3.5. The Gambling Commission, in their evidence 'Society lotteries advice: Phase 2, January 2016' page 7, quote the 2015 NERA report, 'Review of the UK Gambling Market', which states: *"In the context of society lotteries and the National Lottery in GB the [academic] studies would suggest that whilst society lotteries offer a differentiated product with smaller jackpot sizes, substitution between society lotteries and the National Lottery is likely to remain minimal"*. The proposals that People's

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Postcode Lottery support maintain both a differentiated product and smaller jackpot sizes, and thus this finding from NERA, supported by the Gambling Commission, applies.

#### **8.4. Option of increasing the per draw sales limit to £10 million, if the top prize was capped at £500,000.**

Do you think that if the maximum prize is capped at Government's preferred option of £500,000, the per draw sales limit should be increased to £10 million, as an exception to the general prize limit of 10% of sales?

- **Yes**
- No
- Don't know

8.4.1 We support this option. We appreciate that the Government wants to maintain a distinction between the National Lottery and society lotteries, as do we, as we believe in supporting the National Lottery and raising funds in a complementary way, in order to increase the overall return to society.

8.4.2. Large top prizes are not the main sales driver of People's Postcode Lottery, with growth continuing despite much smaller prizes than the National Lottery. However, we are worried about having a low draw limit for all of the reasons explained in section 8.2., especially that it results in funds being used up in administration costs which would otherwise go to charity. We back a £10 million draw limit in all circumstances and thus are supportive of the draw limit being raised to £10 million if the prize is capped at £500,000. We believe this allows the Government to meet its objectives of enabling society lotteries to thrive, whilst also supporting a strong National Lottery.

#### **8.5. Likelihood to offer higher prizes**

If you run a large society lottery, do you think you are likely to offer higher prizes if we make changes to the maximum prize limits?

- **Yes**
- No
- Don't know

If yes, in what timeframe:

- Less than 1 year
- **1-5 years**
- 5-10 years
- 10+ years

8.5.1. We would likely offer higher prizes in a 1-5 year timescale as the total value of tickets in the draw grows. This would be a gradual process, not a one off sudden increase.

#### **8.6. Annual Sales Limit**

Do you consider that the annual sales limit should be increased?

- No - the limit should remain at £10 million (no change)
- Yes - the limit should be increased to £50 million
- **Yes - the limit should be increased to £100 million (Government's preferred option)**

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- Other (please specify):

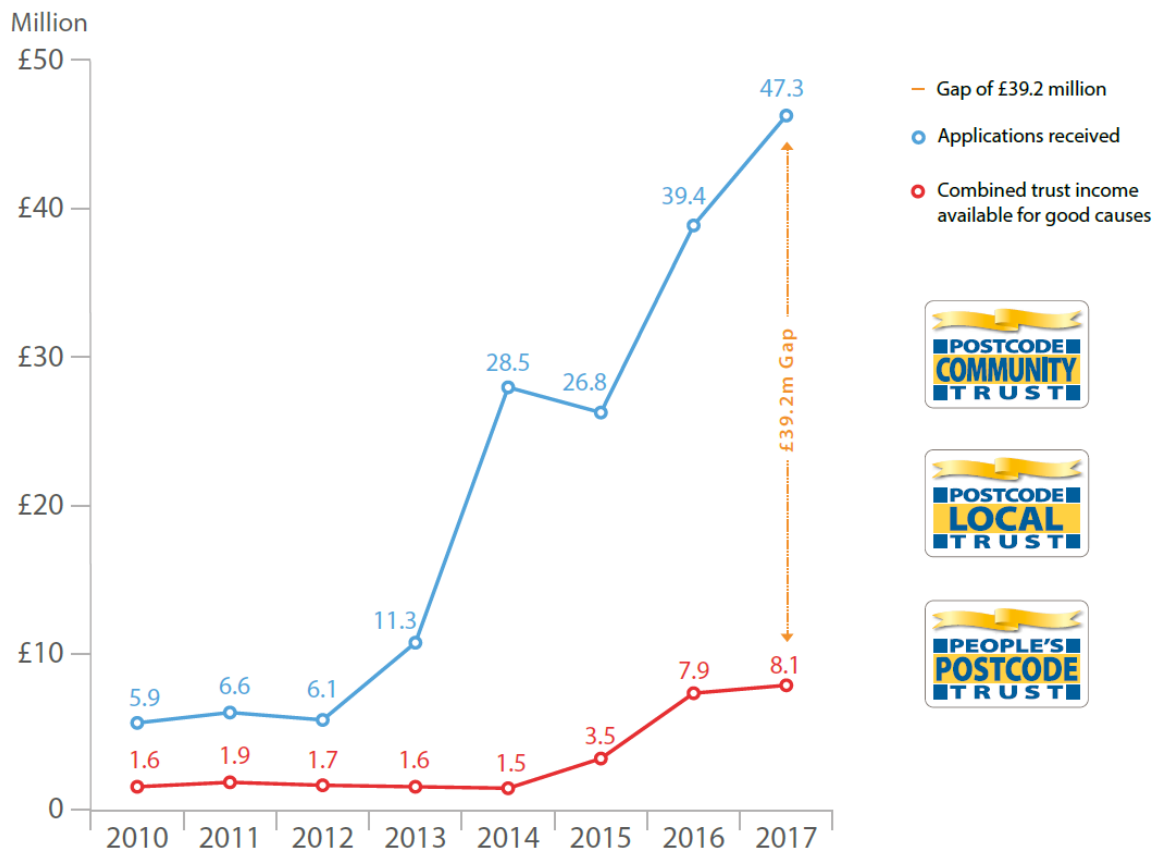
8.6.1. We disagree with the option to retain the limit at its current level of £10 million. The annual sales limit per society lottery has been set at £10 million since 2005 and is now very out-dated.

8.6.2. The current limit has resulted in the current operating structure of People's Postcode Lottery's family of society lotteries. We manage 38 society lotteries, and are likely to manage a further nine by the end of the year. This is because with ticket sales continuing to grow additional society lotteries are required to distribute the funds raised. The 38 Society Lotteries we manage at present are made up of 18 Postcode Trusts and a further 20 charities which have a gambling licence and thus operate as a society lottery in their own right.

8.6.3. This model has resulted in 18 Postcode Trusts being established by Trustees – which are charities and society lotteries in their own right which hold a gambling licences. Each of these Trusts has a Chair and Trustees, has to have various licences from the Gambling Commission, has to have regular minuted meetings, and has to have annual accounts prepared which require to be audited. All of this extra administration uses vital funds which could otherwise go to good causes.

8.6.4. The £10 million limit means that for each of the society lotteries we manage, their income and thus their charitable contribution, cannot increase. This is seriously impacting on the ability to grow the funds to the charities supported by each society lottery. It is having a particularly severe impact on three society lotteries we manage which fund local charities and community groups. These are: Postcode Community Trust; Postcode Local Trust; and, People's Postcode Trust. As can be seen from the graph below the value of grant applications to these charities is severely outstripping demand. This means that approximately four out of every five applications can now not be funded.

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8.6.5. The situation is further exacerbated by the way the current £10 million limit interacts with growing ticket sales as show in the table below. As the total value of tickets in each draw increases each society lottery can hold fewer draws, as to hold an additional draw would result in going over the £10 million limit. As can be seen in the table this results in a drop in charitable funds available to each society lottery we manage.

Tickets in Draw	Max draws per year under current limits	Max draw proceeds per charity lottery	32% charity funds
1.9m	5	£9.5m	£3m
2.1m	4	£8.4m	£2.7m
2.6m	3	£7.8m	£2.5m
3.4m	2	£6.8m	£2.2m

8.6.6. The decrease in the number of draws also means a drop in the amount of funds available for prizes for each of the society lotteries. With the current growth in ticket sales we expect that the society lotteries we manage will not be able to hold more than two draws next year – down from the current three draws. In addition, unless changes are made, and are made soon, we will not be able to continue with our current prize plan, which together with our focus on charity funding, has been an

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important part of our continued growth – which is what has allowed increased funding to go to charity.

8.6.7. At the point where each society lottery we manage needs to drop to two draws per year, one option we are considering is changing to a model of tickets costing 50p a draw, as opposed to the current £1 a draw. So players would pay £10 for twenty draws, instead of £10 for ten draws. This would allow more draws per society lottery we manage, however there are administration costs involved in moving to this model, and it thus goes against the Government's objective of a regulatory framework which is not overly burdensome.

8.6.8. The drop in income to each society lottery associated with the decrease in the number of allowable draws is also having the effect of increasing the need for more society lotteries in the family of society lotteries we manage – as each individual society lottery can process less income.

8.6.9. We strongly support the Government's preferred option to increase the annual sales limit to £100 million. Such a change will resolve all of the issues mentioned above. The proposed limit is also set at such a level as to future-proof it for the foreseeable future. There is also no impact on the National Lottery resulting from increasing the annual turnover limit, as it is hard to see how allowing an External Lottery Manager to operate a structure involving fewer individual society lotteries can possibly impact on National Lottery sales.

8.6.10. With regard to the option to move to a £50 million limit, whilst we acknowledge that this would be an improvement on the current limit, it would not have the same positive impact on large and national charities and reduced administration costs resulting from moving to a £100 million limit. It would also not "future-proof" the limit for the years ahead and would likely mean that we would need to petition Government to change the law again in the near or immediate future. There seems to be no particular rationale for imposing such a limit on raising funds for good causes.

8.6.11. There is widespread consensus on the need to increase the annual turnover limit to £100 million. This proposal is backed by The Lotteries Council, The Institute of Fundraising, The Hospice Lotteries Association, The Association of Air Ambulances; and over 80 major charities. It also enjoys widespread parliamentary support across political parties.

## 8.7 Small Society Lotteries

Should the sales thresholds for small society lotteries (£20,000 for an individual draw, and a £250,000 annual sales limit) be raised?

- Yes
- No

If yes, what would be an appropriate level for:

a) the individual per draw sales limit

- £30,000
- **£40,000**
- Other (please specify):

b) the annual sales limit

- £400,000

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- **£500,000**
- Other (please specify):

8.7.1. These changes would not impact directly on People's Postcode Lottery, however we support reducing the regulatory burden for small society lotteries in order to help the wider society lottery sector reduce administration costs, increase sales and thus raise more funds for good causes.

## 8.8 Benefit of Proposals

Do you foresee any associated benefit to your company/charity as a result of this proposal (e.g. reduced admin costs)?

- **Yes (please specify)**
- No

8.8.1 The proposals we support, as set out in this consultation response, will help People's Postcode Lottery and the society lotteries we manage, to substantially reduce administration costs and will help us further raise the amount of funds provided to good causes. Currently 32% of the value of each ticket goes to good causes and our mission is to increase the amount raised. These changes will help towards increasing the charity percentage further which we expect eventually would reach 40%.

## 8.9. Cost of the proposals

Do you foresee any associated cost to your company/charity as a result of this proposal? If yes, please give details e.g. transitional costs, cost of changes to websites, etc.

- **Yes (please specify)**
- No

Over the next 5 years, if this proposal was implemented, how much would it cost to make necessary changes?

- **Less than £1,000**
- £1,001- £2,000
- £2,001 - £3,000
- £3,001 - £4,000
- Greater than £4,000 (please specify)

8.9. We expect some minimal costs to People's Postcode Lottery if the changes we propose were implemented, but expect these to be less than £1,000.

## 8.10 Reasons for playing

Do you consider that your customers are playing your lotteries because of the good cause or prize? Which is more important to your customers?

- Good cause more than prize
- Prize more than good cause
- **Both**
- Other (please specify):

Public



8.10.1. We know that our players play for a mix of reasons including prizes and good causes and this regularly comes through in their communications with us.

### 8.11. Percentage of proceeds to prizes

Would your company/charity change the percentage of proceeds used to payout prizes as a result of this proposal? How would this change?

- Yes (please specify)
- **No**

8.11.1. We have no plans to change the percentage of proceeds going to prizes. This is currently 40% and we plan for it to remain at that level.

### 8.12. Advertising

As a result of this proposal would your current advertising practice change in any other way?

- Yes (please specify)
- **No**

8.12.1 We don't envisage any other changes at present.

### 8.13. Returns to good causes

Do you think that as a result of these proposals returns to good causes will increase?

- **Yes (please specify)**
- No

8.13.1. The proposals we support would help People's Postcode Lottery and the society lotteries we manage to further reduce administration costs and thus to direct more funds to good causes.

## 9. Conclusion

9.1. We hope this consultation response is useful to the Department of Digital, Culture, Media and Sport, in meeting its consultation objectives and Ministers wish to enable society lotteries to "thrive". We believe the package of reform we propose allows Ministers to "maximise returns whilst ensuring that any changes are not to the detriment of The National Lottery", the aspiration set out by Ministers on page 5 of the consultation document. People's Postcode Lottery are happy to provide further evidence to Government as required.

Public