

SOCIETY LOTTERIES: WESTMINSTER HALL DEBATE

NCVO briefing, December 2017

NCVO welcomes the opportunity for MPs to debate society lotteries. Lotteries are a valuable source of income for charities. Funding supports innovative and grassroots projects that have a huge impact on the communities involved, and which might not have otherwise found funding. In addition, society lottery funding is mainly unrestricted, which means it can be used in any way that helps achieve an organisation's charitable purposes.

NCVO supports the aim of ensuring that lotteries are able to thrive and deliver the maximum benefit to good causes. We also support greater transparency in society lotteries.

Simpler regulation

NCVO believes that more money could be directed to good causes 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. Many charities have found they do not have the expertise to set up a lottery without an external lottery manager (ELM). Simplifying the process would allow more charities to enter the market and maintain their own lotteries.

NCVO would not support proposals to lower the 20% minimum share of the price of a ticket going to good causes: it is important to maintain that threshold. Society lotteries are a crucial source of income for many good causes across the country. Even if some of the public perceive society lotteries to be a fundraising exercise, there should be a minimum level to protect wider public trust and confidence in society lotteries. However, we do believe the Gambling Commission should consider allowing organisations starting up society lotteries to spread the 20% statutory contribution to good causes over a year rather than at every draw, for the first year only.

Transparency

NCVO would like to see greater transparency in society lotteries. By being open about how they work and raise funds, charities can improve public understanding and in turn trust, and this applies to society lotteries as well as other forms of fundraising.

If society lotteries are seen as fundraising, the public should know what share of their proceeds goes to good causes. At the moment, 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 be harmful for public understanding of the role charities and

other organisations play in running society lotteries, and could lead to unhelpful speculation on how much money goes to good causes.

Ideally, this information should be on the face of lottery tickets. We recognise this is complicated, as society lottery operators will not know in advance exactly how much of a particular draw will go to good causes, but it should be possible to find a way to square this circle. One option would be to publish the amount raised for good causes over the past year (for society lotteries in their first year, this could instead be the amount they aim to raise). We also believe the Gambling Commission or sector bodies should maintain up-to-date and publicly available data tables showing how each lottery's proceeds are split between good causes, prizes and expenses.

This would allow the public to make informed decisions about which lotteries to support. We also hope it could provide an incentive to drive up the share of proceeds going to good causes in the long term.

Proceeds and prize caps

NCVO recommends that proceeds and prize caps should be increased. The current proceeds cap has not been revisited since the Gambling Act 2005 came into effect, and it is sensible to provide for a moderate increase in line with inflation.

However, there is currently not enough evidence to take a view on whether to dramatically increase the caps on the sizes of prizes, proceeds from individual draws or annual proceeds. While some of the largest charities may be close to the current caps, we do not know how many are close (or exactly how close they are).

NCVO is concerned that substantially changing the way society lotteries operate could also change the way the public view the lotteries and good causes associated with them. Society lotteries are inherently linked to the good causes they were set up for. When considering substantial changes to the legislation on society lotteries, we must therefore consider the possible impact on public trust and confidence in charities.

It is therefore necessary to gather clear evidence of how many lotteries are hitting the current caps and the impact such a major change would have on public trust and confidence in charities before we can support it. On the basis of the evidence gathered, we would welcome an informed debate about what changes are needed.

The lottery marketplace

NCVO recognises that there is an important debate about how the National Lottery coexists with society lotteries and so-called 'umbrella schemes' such as the People's Postcode Lottery and the Health Lottery. Our focus is on how to maximise the returns for good causes and maintain public trust in charities.

Aside from market shares and competition rules, transparency again has a key role to play in this area. There should be a clear distinction between National Lottery, society lottery and commercial gambling products and better information about how much money is going to the good causes. This would not only enable a better understanding of the current lottery landscape, but also ensure that players can make an informed decision when buying a product.