

GAMBLING COMMISSION

Julian Knight MP
Chair, DCMS Select Committee
House of Commons
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United Kingdom

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By email: julian.knight.mp@parliament.uk
cc: McGinnessS@parliament.uk, dcmscom@parliament.uk

Dear Mr Knight,

Fourth National Lottery licence competition – award notification

I am writing to further update you on developments regarding the fourth National Lottery licence competition, following significant developments in relation to the current legal proceedings.

On 14 July, the Court of Appeal granted Camelot and IGT permission to appeal the High Court's decision to lift the automatic suspension that prevented the Gambling Commission from formally awarding the fourth National Lottery licence to Allwyn Entertainment UK ("Allwyn"). As a result of permission to appeal being granted, the automatic suspension remained in place.

Following the decisions by Camelot and IGT to withdraw their respective appeals, and the suspension subsequently being lifted, the Gambling Commission has now entered into an Enabling Agreement with Allwyn. This means that Allwyn has been officially awarded the fourth licence and we can commence the transition.

We are pleased to have officially awarded the fourth licence to Allwyn following a highly successful competition and the court's decision to lift the suspension on the award process. We now look forward to working with all parties to ensure a smooth and efficient handover.

Our priority is to ensure a seamless and timely transition to the next licence, for the benefit of participants and good causes. We have begun meetings between the Commission, Allwyn and Camelot as the outgoing licensee, who we are confident will honour their obligations as the current licensee to cooperate in that transition. The Enabling Agreement will assist both parties in transitioning between licences and provide the framework for implementation.

The National Lottery is one of the world's largest lotteries and since launching in 1994, National Lottery players have collectively raised more than £46 billion for 670,000 good causes across the UK, transforming lives and contributing to the arts, sport, heritage and communities.

Allwyn has committed to investment in the National Lottery that is expected to deliver growth and innovation across the National Lottery's products and channels, resulting in increased contributions to good causes, subject to the protection of participants and propriety.



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Key changes for the fourth licence include:

- a new incentive mechanism that ensures the licensee's incentives and delivery are better aligned with contributions to good causes. Under this mechanism the licensee's profits will be more closely aligned to the returns to good causes than ever before
- a move to an outcomes-based approach, in line with best practice and the National Audit Office's recommendations. This will give the licensee greater responsibility to fulfil its obligations, while retaining the Commission's power to intervene if they do not
- greater flexibility for the licensee, allowing them to more rapidly, and effectively, adapt their offerings to reflect changing technology, consumer safety, regulation and consumer preferences, so long as they meet the licence obligations
- a fixed 10-year licence, providing the licensee with a clear period for investment planning
- a retail charter to ensure the next licensee engages proactively with retailers when the fourth licence commences in February 2024.

I am confident that Allwyn and the key changes for the fourth licence will maximise returns to good causes, promote innovation, deliver against our statutory duties, and ultimately protect the unique status of the National Lottery.

Should you have any questions about our work on the National Lottery and the fourth licence, please do get in touch or alternatively I would welcome an opportunity to meet you to discuss this further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A Rhodes'.

Andrew Rhodes
Chief Executive