

Dame Caroline Dinenage MP
Chair, Culture, Media & Sport Committee
House of Commons
SW1A 0AA



30 January 2024

The Fourth National Lottery Licence begins

Dear Caroline,

This week sees the changeover of The National Lottery operator and the start of the 10-year Fourth Licence on 1st February. In an historic first, Allwyn Entertainment Ltd (Allwyn UK) is honoured to be taking over as The National Lottery operator after its 29-year existence under Camelot.

Allwyn UK is a subsidiary of Allwyn Group, a leading multi-national lottery operator experienced in transforming lotteries across Europe. Our ambition over the Fourth Licence is to provide more games, more players, more entertainment, more winners, and more money for National Lottery-funded projects.

Our immediate priority is to ensure Thursday's handover is seamless and largely invisible for our millions of players and over 40,000 retailers, while laying the ground for our transformation of The National Lottery: fresh advertising, new games, a new website and app, and modern terminals in retailers that will enable game innovations and help keep participant protection at the heart of our plans. You will also notice our new approach to advertising from Thursday when our new Lotto advert airs nationwide, asking the public "*Will you be next?*".

It is easy to take it for granted now, but The National Lottery has made a huge and measurable difference to life across the UK. The National Lottery launched 30 years ago this coming November and we are excited to build on its amazing successes which have included £48 billion in total – currently over £4 million a day – raised to fund over 685,000 community, sport, arts and heritage projects in the UK; £20.9 billion returned to HM Treasury in Lottery Duty; £92 billion paid out in prizes to players; and 7,000 new millionaires or multi-millionaires created.

Our goal now is to recapture the magic of The National Lottery: a shared endeavour that entertains and delights the nation. We will be highlighting just how much good The National Lottery does through:

- local marketing campaigns that connect consumers with National Lottery-funded projects in their local area;
- showcasing projects that benefit society as a whole, such as the funding of our Olympic and Paralympic athletes;
- focusing on what has been achieved with, and how much would not exist without, National Lottery funding during The National Lottery's 30th birthday year.

We will keep you up-to-date with our progress, but if you would like further information, or you or your constituents have any questions about the operation of The National Lottery please do not hesitate to contact me at Anna.Mellitt@Allwyn.co.uk. I would also be delighted to come and meet with you to explain our plans in detail if that would be of interest.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Anna Mellitt".

Anna Mellitt

Director of Public Affairs and National Lottery Relations

Allwyn Entertainment Ltd.

Tolpits Lane, Watford, WD18 9RN, www.allwyn.co.uk

Registered in England, with its registered office at One Connaught Place, 5th Floor, London, United Kingdom, W2 2ET.

Company registration no. 13157556. VAT registration no. GB423492992

NATIONAL LOTTERY KEY FACTS & FIGURES

Since its launch in 1994, The National Lottery has been, and continues to be, a fantastic success story – changing lives every day. Over the last 29 years, it has generated over £48 billion for National Lottery-funded projects – money that has been used to fund more than 685,000 individual initiatives throughout the UK. Over the same period, it has awarded over £92 billion in prizes and created more than 7,000 millionaires or multi-millionaires.

NATIONAL LOTTERY FUNDING

- **£48 billion:** The amount The National Lottery has raised for National Lottery-funded projects to date.
- **£30 million+:** The average amount The National Lottery generates each week for National Lottery projects – that's currently over £4 million raised every day.
- **685,000:** The number of projects that have so far received National Lottery funding, 70% of which are for £10,000 or less. With hundreds of lottery grants in every postcode district – ranging from world-class heritage projects, to life-changing community projects, as well as funding Olympic and Paralympic athletes – most people in the UK will have benefited from a National Lottery-funded project at some point.

WINNERS

- **£92 billion:** The amount of prize money The National Lottery has awarded to players to date.
- **7,000 and counting:** The number of millionaires or multi-millionaires created since launch, who, between them, have shared almost £18 billion.
- **More than a millionaire a day:** The National Lottery creates millions of winners a week across its range of draw-based and instant win games – with 382 new millionaires created last year.
- **£50,000+:** In the last five years alone, over 4,200 players have won a prize of £50,000 or more – including nearly 1,900 new millionaires.

LOTTERY DUTY

- **£20.9 billion:** The amount of Lottery Duty that The National Lottery has delivered for HM Treasury since 1994 – money that has helped to fund public expenditure across the UK.

A SUCCESSFUL STRATEGY

- **Reach:** Currently, around 28 million people routinely play one or more National Lottery games throughout the year¹ – with the demographics of play closely mirroring the demographics of the UK population as a whole.

- **Lots of people playing a little:** Despite being the seventh largest lottery in the world by sales, The National Lottery is ranked just 66th in terms of per capita spend – as a result of the strategy of encouraging lots of people to play a little².
- **Leading UK brand:** 98%³ of the UK population have heard of The National Lottery and total National Lottery sales in 2022/23 were bigger than the combined total UK sales of Cadbury, Coca-Cola, Walkers, Nestlé, Pepsi Cola, Warburtons and Heinz⁴.

CHANNELS

- **Accessible and convenient:** The National Lottery offers a multi-channel experience that reflects how and where people are now shopping – with players able to buy tickets and play games in store, online and on their mobile devices.
- **In-store:** Accounting for around 55% of all sales, retail is the largest National Lottery sales channel.
- **40,000+:** We work with 40,000+ retailers throughout the UK, ranging from small corner shops and local newsagents to larger convenience stores and supermarkets – with independents making up the majority. Our retail partners are the backbone of The National Lottery and, to most players, our public face.
- **Reach:** With 94% of UK adults living or working within one mile of a National Lottery terminal, we're ensuring that The National Lottery is as accessible and convenient to play as possible.
- **£6,000:** Last year, National Lottery retail partners earned an average of £6,000 per store in sales commission – taking the total they've earned to date to £7.9 billion.
- **10.7 million:** With more than 10.7 million active registered online players, national-lottery.co.uk is one of the top e-commerce sites in the UK⁵.

¹ Kantar UK Tracking (May 2023-Present)

² La Fleur's 2023 World Lottery Almanac

³ YouGov – The Most Popular Gambling & Betting Brands (January 2022-December 2022)

⁴ Compared with 'Britain's Biggest Brands', *The Grocer* /Nielsen – March 2023

⁵ IPSOS IRIS – April 2022

THE NATIONAL LOTTERY IN THE FOURTH LICENCE

On 1 February 2024, Allwyn UK takes over the operation of The National Lottery for the ten-year Fourth Licence period from long-standing operator Camelot. Allwyn UK, led by Chief Executive Andria Vidler and Chairman Justin King CBE, is a subsidiary of Allwyn Group, a multi-national lottery operator with leading market positions in Austria, the Czech Republic, Greece, Cyprus, Italy, the UK, and the United States (Illinois). The National Lottery is regulated by The Gambling Commission in accordance with The National Lottery etc. Act 1993. The Good Causes funding raised by The National Lottery is distributed by the 12 National Lottery Distributors, each with specialist knowledge of their sectors.

TRANSITION TO ALLWYN ON 1ST FEBRUARY

- We are aiming for as smooth a handover as possible, so that players' experience is uninterrupted. There are some updates to core systems to implement the changeover meaning **The National Lottery website and app will be offline from 11pm on 31 January to the morning of 1 February**, and **in-store terminals may come online slightly later than normal**. We're making sure that players and retailers are fully aware of this short period of downtime, through our website, mobile app, and terminal messaging.
- Players have been informed that direct debits for subscriptions will change to show the new operator's name "Allwyn Ent Ltd" rather than "Camelot" and that there will be a banking change from RBS to HSBC.
- With Camelot staff being transferred under TUPE regulations to Allwyn, the team combines the valuable institutional knowledge of Camelot and new thinking from Allwyn, which together will help us to recapture the magic of The National Lottery. Existing sites in London, Watford and Knowsley remain, with a new distribution centre opening in Warrington.
- Players will continue to be able to easily access a store near them: 94% of UK adults live or work within 1 mile of a national lottery terminal and 99.6% of Postcode districts will have a National Lottery terminal.

CHANGES TO CURRENT OPERATIONS

- We will put greater emphasis on marketing individual National Lottery games and how they differ from each other to appeal to different audiences. This will start with our cornerstone, *Lotto*, soon followed by *Set for Life*.
- Players can expect to see a step-change in how we tell the stories of National Lottery-funded projects; stories of the lives improved, the communities enhanced, and all the many, many things that simply would not be possible without the phenomenal financial contribution that comes from players.

POST OFFICE NATIONAL LOTTERY RETAILERS

- Until now, Post Office Limited (POL) has held a direct central contract with Camelot which POL decided not to renew on its expiry on 31 January 2024, due to operational reasons.
- Allwyn has in recent months undertaken a detailed process to contract directly with individual Postmasters and Postmistresses so that they do not lose the opportunity to sell National Lottery products in future. Additionally, they will now receive up to 25% more in commission that POL previously retained to cover its administrative costs.
- As a result of this change, players will now claim mid-tier prizes (£500.01-£50,000) directly from Allwyn rather than at large Post Offices.
- We have been as flexible as possible in enabling financial checks for Postmasters and Postmistresses, such as by reviewing our credit policies to take into account trading history and length of service and offering a fair appeals process. We have worked closely with the National Federation of Sub Postmasters to answer any questions or queries.
- We are delighted that, because of these actions, the majority of Post Offices will continue to sell National Lottery products and are moving over to the Fourth National Lottery Licence.

PARTICIPANT PROTECTION

- All of our plans are designed with Participant Protection at the heart: from this week, as part of enhanced training for retailers to further reduce the risk of play by under 18s, they will be asked to request ID from any player who appears under 25 and a new QR code in store will take the viewer to sources of support and guidance. All games will go through a rigorous design and approvals process to reduce the risk to vulnerable players, and over the course of the licence we will use data to support healthy play online.