

# Supplementary written evidence submitted by the People's Postcode Lottery

29 April 2022

## DCMS Select Committee – Submission of Written Evidence

### 1. Introduction

People's Postcode Lottery welcomed the recent opportunity to provide oral evidence as part of the ongoing inquiry 'What next for the National Lottery?'.

Further to this, we provide the following written submission giving background on People's Postcode Lottery as an operator; the charity lottery sector and the complimentary basis of our interaction with the National Lottery; insight into the legislative opportunities and constraints that impact our ability to maximise returns to good causes; and the importance we place on player protection, despite the charity lottery sector being widely recognised as low risk from a problem gambling perspective.

### 2. About People's Postcode Lottery

People's Postcode Lottery is a not for commercial gain External Lottery Manager (ELM) owned by a social enterprise and licensed by the Gambling Commission.<sup>1</sup> We manage lotteries with the sole purpose of raising funds for good causes. Charities are at the heart of everything we do, and our players now raise over £14 million for good causes every month. As of 2021, we act as ELM for 20 Postcode Trusts (each a registered independent charity) who distribute funds raised from their lotteries to other charities and good causes.

Since People's Postcode Lottery launched in 2005, players have raised over £900 million for over 9,500 good causes, including many local community organisations across Britain.

Savings resulting from the UK Government's 2020 charity lottery reforms have allowed PPL to increase our percentage return to good causes to 33% per ticket – up from 32% prior. This additional 1% delivered some £5.5m extra for charities last year.

The charity lotteries we manage have together supported charities and good causes in a wide range of sectors. These include over 80 larger charities working in the areas of:

- support for older people, young people, homeless people and people living with health problems;
- environmental protection;
- animal welfare and wildlife conservation;
- sport, culture and the arts; and
- international development and human rights.

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<sup>1</sup> 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: 2nd Floor, 31 Chertsey Street, Guildford, Surrey, GU1 4HD. It is part of the Novamedia Group and owned by the Novamedia Foundation Trust.

The type of funding provided by the Postcode Trusts is very important to charities, with the majority focused on long term, unrestricted funding. This means that charities can use funding for core costs or indeed for further fundraising – using these funds to leverage more income. This flexibility can complement project-based funding such as that from the National Lottery Community Fund<sup>2</sup>.

There is widespread recognition from the Gambling Commission<sup>3</sup>, the Government<sup>4</sup> and academia<sup>5</sup> that charity lotteries constitute a low risk from a problem gambling perspective. Despite this, we take our responsibilities in this area very seriously. Committed to evolving our safety protocols in line with changing industry standards, our player protections are covered further Section 7 of this response.

### **3. Evidence that People’s Postcode Lottery and the National Lottery are complementary, rather than in competition**

People’s Postcode Lottery is fully supportive of the National Lottery and embraces our status as a fundraising stream that complements, rather than competes with, the unparalleled scale of its charitable fundraising. Indeed, it is the case that a number of the charities our players help to fund – such as Girlguiding, the British Red Cross and respected cancer charity, Maggie’s - also receive funding from the National Lottery. As noted in Section 2 above, the distinct, unrestricted and flexible nature of our funding in many cases delivers impact alongside the more traditional, project-based funding offered by National Lottery distribution bodies.

A wide and conclusive body of available evidence demonstrates the complementary nature of both sectors, including the Gambling Commission’s official industry statistics. Following years of concurrent growth, the Commission’s most up to date published statistics<sup>6</sup> conclude that both sales *and* returns to good causes for the National Lottery and Charity Lottery sector are at record levels.

The Gambling Commission confirmed to the Select Committee directly, as recently as 22 July 2019, when asked about the impact charity lotteries have on the National Lottery that: *“We have given the advice we gave around the recent society lotteries consultation, where our judgement is that that does not infringe on the unique features of the [National] lottery, like life changing prizes.”*<sup>7</sup>

This followed three separate investigations by the Commission in 2012, 2015 and 2017 – the latter reinforcing earlier findings that there is “no statistically significant effect of Charity Lotteries affecting National Lottery sales.”<sup>8</sup>

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<sup>2</sup> NFP Synergy, Small Change: How charity lottery limits impact small charities, April 2019

<sup>3</sup> Gambling Commission Society Lotteries advice, Phase 2, published 29.06.18

<sup>4</sup> <https://www.gov.uk/government/publications/review-of-the-gambling-act-2005-terms-of-reference-and-call-for-evidence/review-of-the-gambling-act-2005-terms-of-reference-and-call-for-evidence#call-for-evidence>

<sup>5</sup> Novamedia/Postcode Lotteries: A Game Risk Assessment, Professor Mark Griffiths (2021)

<sup>6</sup> <https://www.gamblingcommission.gov.uk/statistics-and-research/publication/industry-statistics-november-2020>

<sup>7</sup> House of Commons, Digital, Culture, Media and Sport Committee, Oral evidence: Immersive and addictive technologies, HC 1846, Monday 22 July 2019.

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/digital-culture-media-and-sport-committee/immersive-and-addictive-technologies/oral/103954.pdf>

<sup>8</sup> Gambling Commission (2017), ‘Review of Charity Lotteries advice’. October 2017.

The concurrent success of both the Charity Lottery sector and the National Lottery chimes with the Government's own commitment to see both lottery types thrive<sup>9</sup>.

Just last month – as part of its one year review into society lottery sales and prize limits – DCMS itself confirmed that despite an increase in charity lottery annual sales limits – the unique position of the National Lottery continues to be maintained<sup>10</sup>.

#### **4. Differing legislative underpinnings of charity lotteries and the National Lottery**

Moreover, there are numerous differences between charity lotteries and The National Lottery, in terms of regulation, operation and motivation to play, which provide for the National Lottery's monopoly status and the accompanying operation of charity lotteries, which themselves existed for many decades prior.

Legislation: The National Lottery is regulated under the 1993 National Lottery etc Act and the National Lottery Act 2006, whilst charity lotteries are regulated under the 2005 Gambling Act.

Sales limit: There is no limit on National Lottery sales, whilst there are strict limits on charity lottery annual and per draw sales.

Prizes: There is no limit on National Lottery prizes, whilst there is a strict limit on charity lottery prizes, at a level which is much lower than that of the Lotto and Euromillions prizes.

Geographic area: The National Lottery operates in Great Britain, Northern Ireland and the Isle of Man, whilst charity lotteries licenced under the 2005 Gambling Act cannot operate in Northern Ireland or the Isle of Man.

Motivation for playing: People play charity lotteries for a variety of reasons. However according to the Gambling Commission charitable giving is a greater motivation for players of charity lotteries while a life-transforming win is a greater motivation for players of the National Lottery. *“Of those who bought tickets for a charity lottery or other lottery, 55% reported gambling to support good causes. This compares to 15% who bought tickets for the National Lottery draws, and 5% of those who purchased scratchcards”.*<sup>11</sup>

#### **5. Charity Lottery reform**

Committee will be aware of the charity lottery reforms based into law by the Government in July 2020, in which charity lottery annual sales limits rose from £10 million to £50 million and per draw limits rose from £4 million to £5 million<sup>12</sup>.

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<sup>9</sup> (2019) DCMS, DCMS Single Departmental Plan, 2019

<sup>10</sup> <https://www.gov.uk/government/publications/review-of-society-lottery-sales-and-prize-limits/one-year-review-of-society-lotteries-sales-and-prize-limits>

<sup>11</sup> Gambling participation in 2018: behaviour, awareness and attitudes, Gambling Commission Annual report, 2019. <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2018-behaviour-awareness-and-attitudes.pdf>

In March 2022, DCMS reported the findings of its one year review into charity lottery sales and prize limits, concluding that “...the increased limits are bedding in well and are beginning to have the intended effect of allowing the society lotteries sector to grow and return more to good causes, whilst also maintaining the unique position of the National Lottery.”<sup>13</sup>

These important reforms have proven a success for People’s Postcode Lottery, thus far delivering:

**An increase in the percentage return to good causes** Administrative savings realised through charity lottery reform - coupled with continued sales growth – means each ticket sold now returns 33% to good causes, up from 32%. Percentage spend on costs has decreased from 28% to 27%.

**A simplified structure, reduced costs and regular funding** As well as providing greater support for charities, the reforms have had a positive impact on People’s Postcode Lottery, allowing a reduction in the number of lotteries we manage from 58 to 20, as each lottery can now raise more funds.

This has reduced bureaucracy, freeing up even more money for funded charities. This simplified model is easier to understand, including for our players. It has also enabled a simplification of the funding distribution process for good causes – most beneficiaries now receive regular, quarterly payments.

**£31 million in one-off Extra Awards to 61 charities in 2021** Our simplified structure enabled 61 regular beneficiary charities each a share of some £31 million in one-off Extra Awards in 2021.

**Double the funding for small causes** The amount available for grassroots community groups has more than doubled, from £8.5 million in 2019 to around £17 million from 2021. Charity lottery reform has also made applying for community programmes funding clearer and less confusing for smaller charities. This is a benefit for local good causes in every constituency in Britain.

## **6. A missed opportunity to maximise charitable returns from both lottery types**

Despite the positive outcomes noted above, the 2020 charity lottery reforms fell short of introducing the £100m annual sales limit backed by the charity lottery sector, and the Government itself, who highlighted a £100 million annual sales limit as its own ‘preferred option’.<sup>14</sup> Supported charities themselves have - and continue - to support a £100 million annual sales limit, with approximately 100 of Britain’s large and medium charities most recently writing to the DCMS Secretary of State on the issue in February 2022 (APPENDIX 1).

Given the strength of evidence (noted above, Section 2) demonstrating the co-existence of both lottery types, it remains of profound disappointment to People’s Postcode Lottery that the Government opted to proceed with a more cautious increase in charity lottery sales limits back in 2020.

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<sup>12</sup> Gambling Act (2005) Variation of Monetary Limits Order  
<https://www.legislation.gov.uk/ukdsi/2020/9780111192030>

<sup>13</sup> DCMS 12 month review [https://www.gov.uk/government/publications/review-of-society-lottery-sales-and-prize-limits?utm\\_medium=email&utm\\_campaign=govuk-notifications-topic&utm\\_source=6436a618-e1a2-4162-994a-e64a1c572d59&utm\\_content=daily](https://www.gov.uk/government/publications/review-of-society-lottery-sales-and-prize-limits?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=6436a618-e1a2-4162-994a-e64a1c572d59&utm_content=daily)

<sup>14</sup> DCMS (2018) Consultation on Society Lottery Reform. June 2018

The way by which charity lottery limits interact with our growing player base means current annual sales limits will again begin to restrict the amounts that can be raised for good causes, as individual lotteries are again faced with taking preventative action to remain within the limits – ie through a return to ever greater numbers of licences and the high costs and bureaucracy attached to this.

A £100m limit would provide charities greater certainty and continued opportunity to access vital funds further into the future. Given it took eight years for the partial 2020 reforms to be delivered, it is vital the charity lottery reform process be continued.

The only opposition to the Government’s £100 million ‘preferred option’ arose on behalf of Camelot – who based their concern on an unpublished report by Frontier Economics, which stands in stark contrast to the objective and published evidence, including that from the Gambling Commission.

We at People’s Postcode Lottery hope that the recent announcement of a new National Lottery licensee will provide an opportunity for the National Lottery and the charity lottery sector to work more constructively in the future in order to fully maximise the amount our respective sectors can generate for good causes – all at no cost to the public purse.

## **7. Responsible Play**

People’s Postcode Lottery sales are either via phone or online. Customers sign up to a monthly Direct Debit or PayPal subscription via our website or by phoning us. 20 draws are conducted each month, usually all on the first Wednesday of the month. Winning postcodes resulting from these draws are announced on a daily basis in accordance with the Prize Draw Calendar shown on our website.

We believe our game to be the only gambling product where the number of tickets a player can purchase is limited by design. An overwhelming majority of our players – some 89% - hold just one ticket, at a cost of £10 per month. A player can play with a maximum of six tickets, at a cost of £60 per month.

Our online presence is therefore very different to that of online gambling, where large sums can be staked and lost quickly. Nonetheless, we treat our responsibilities around player protection and our institutional commitment to social responsibility with the utmost seriousness.

Protections incorporated within the People’s Postcode Lottery model include:

- A commitment to responsible marketing: our product advertising is not designed in such a way as to appeal to children, young people, or infer that financial problems will be solved by winning a prize. Information provided on our game is given in a clear and straightforward fashion.
- A robust self-exclusion policy: our players can self-exclude by contacting People’s Postcode Lottery by email or by free phone, for a period between 6 months and five years. Details of the process are provided on our website.
- Signposting to gambling support services: provided both online and via our freephone contact centre, we ensure anyone experiencing problems with gambling is aware of available help. In

addition to signposting to Gambling Commission help and advice, we signpost directly to BeGamble Aware, Gambling Therapy, Gamblers Anonymous and Gamcare, including their directory of third-party software capable of restricting access to online gambling websites.

- As a subscription-only lottery, we are also in a position to monitor player behaviour through our systems. Through our account reviews and interactions, we are able to evaluate and identify possible indicators of gambling-related harm. Players opting to play with the maximum number of subscriptions are also subject to additional contact from our customer experience agents to ensure the continued suitability of their subscription.
- In addition to these online measures, the People's Postcode Lottery's customer experience agents in our contact centre are trained to a high standard to identify, evaluate and track potential vulnerability amongst players, such as the presence of dementia, as well as indicators suggesting a lack of affordability. Staff receive regular training to identify vulnerable persons, including through working with our supported charities and other organisations to develop knowledge and awareness of the key indicators.
- Committed to improving player safety in line with evolving industry standards, in June 2021 PPL voluntarily raised our Age of Play from 16 to 18 years, despite no legal need to do so.

The recognised low risk of charity lotteries (referenced in section 1) suggests that these measures are effective in protecting against gambling harms.

**SUBMISSION ENDS**

## **APPENDIX 1**

The Rt Hon Nadine Dorries MP  
Secretary of State for Digital, Culture, Media and Sport  
Department for Digital, Culture, Media and Sport  
100 Parliament Street London,  
SW1A 2BQ

Friday 14<sup>th</sup> January 2022

Dear Secretary of State

### **Review of 2020 Charity Lottery Reforms**

We are aware that your department is currently considering whether the charity lottery reforms which came into law in March 2020 have been a success.

As a group of 97 charity leaders whose organisations have benefitted hugely from charity lottery fundraising, we write to emphasise our view that the changes have indeed been a success and we thank the Government for implementing them.

To date, our charities have together received over £500 million from players of People's Postcode Lottery - a truly transformational amount of money which has helped our charities to thrive and grow.

From our perspective we believe that the charity lottery annual sales limit being raised to £50 million and the per draw sales limit being raised to £5 million has already clearly been a success.

The increases in the sales limits have led to several positive changes that have directly benefited our charities, these include:

- **Increased funding:** thanks to reduced administration costs, the percentage returned to good causes from players of People's Postcode Lottery has increased from 32% to 33%, which has directly led to more money for our charities.
- **Quarterly payments:** the simplified trust structure implemented because of the change in the law will allow trusts to release funding to our charities quarterly, instead of once a year under the old limits.
- **Extra Awards in 2021:** one initial outcome of reform is that 61 regular beneficiary charities supported by People's Postcode Lottery received a total of £31 million in one-off Extra Awards in 2021. This has resulted because of the move to quarterly payments mentioned above.
- **Room for growth:** The higher limit on annual sales means that the Trusts which receive player funds and which then fund our charities, have a higher ceiling on annual income and therefore have room for growth – allowing further funds to be allocated. This is in stark contrast to the pre-reform situation.

As you will be aware, the ongoing pandemic has created an incredibly difficult financial situation for many charities across Britain. The regular and reliable funding from players of People's Postcode Lottery during these times has, in many cases, allowed charities to survive in this incredibly turbulent period we find ourselves in. Quite simply the increased funding, thanks to charity lottery reform, could not have come at a better time for us.

We are aware that pre-reform there was a question as to whether charity lottery reform could impact the National Lottery. Many of our charities also receive funding from the National Lottery,

something that we are hugely grateful for. However, it has always been very hard to see how increasing the charity lottery sales limits, which are behind-the-scenes non-player-facing changes, could impact sales of the National Lottery. Pre-reform we were reassured by the extensive studies undertaken by the Gambling Commission on this point, which forecast no impact. With the reforms now in place for well over a year we are further reassured to note that National Lottery sales and funds to good causes have risen over the last year according to Camelot and Gambling Commission statistics. Indeed, with funds to good causes from lottery fundraising now at an all-time high it is clear that charity lottery reform has only had a positive impact on charity finance.

**Move to a £100 million charity lottery annual sales limit**

In April 2019 many of the charities who have signed this letter wrote to one of your predecessors as Digital, Culture, Media and Sport Secretary, the Rt Hon Jeremy Wright QC MP, asking him to raise the charity lottery annual sales limit to £100 million.

We were pleased that in its July 2019 report on the Society Lottery reform public consultation, the Government stated its sympathy to a £100 million annual sales limit and its ambition to move to introduce an operator licence allowing £100 million of annual sales.

Given the already evident success of the move to a £50 million annual sales limit we ask that the Government takes action to proceed with this next element of charity lottery reform. This will enable further reductions in bureaucracy and administration costs and further assist charity lotteries and the charities they support, such as those we lead.

We look forward to hearing from you on this issue.

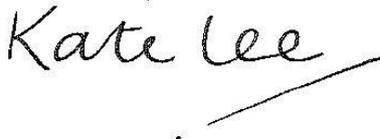
Yours sincerely



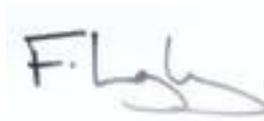
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Executive Director  
Action Against Hunger

*Peter Fearnhead*

Peter Fearnhead  
Chief Executive Officer  
African Parks



Kate Lee  
CEO  
Alzheimer's Society



Frances Longley  
Chief Executive  
ActionAid UK



Charlie Hay  
CEO  
Afrikids



Camilla Knox-Peebles  
Chief Executive  
Amref Health Africa UK



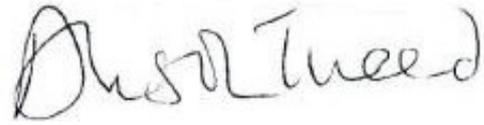
Christophe Cox  
CEO  
APOPO



Lynn Perry MBE & Michelle Lee-Izu  
Co-Chief Executives (Interim)  
Barnardo's



Peter Laurie  
Chief Executive  
Battersea Dogs & Cats Home



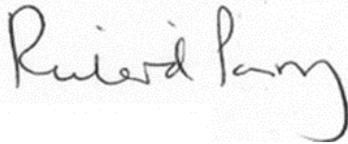
Alison Tweed  
CEO  
Book Aid International



Delyth Morgan  
CEO  
Breast Cancer Now



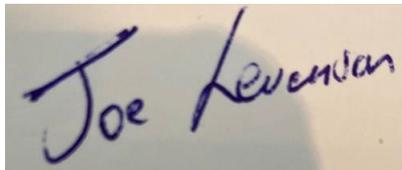
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CEO  
British Red Cross



Richard Parry  
Chief Executive  
Canal & River Trust



Laurie Lee  
CEO  
CARE International UK



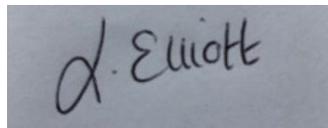
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Executive Director of Policy and External  
Affairs  
Carers Trust



Charles Darley  
Chief Executive  
Cats Protection



Mary Glasgow  
CEO  
Children 1st



Leigh Elliott  
CEO  
Children North East



Stefanie Pfeil  
Global Director of Development  
ClientEarth

*Matthew Downie*

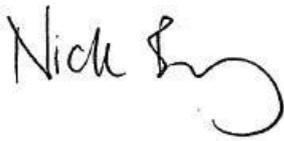
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Chief Executive  
Crisis



Neeraj Sharma  
CEO  
Daisy Chain



Mike Thiedke  
CEO  
Depaul UK



Nick Barley  
CEO  
Edinburgh International Book Festival



Miriam Turner/Hugh Knowles  
Co-CEOs  
Friends of the Earth



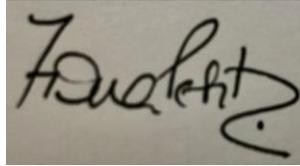
Angela Salt  
CEO  
Girlguiding



Béatrice Butsana-Sita  
CEO  
Greenhouse Sports



Tom Wright CBE  
CEO  
Guide Dogs



Fiona Petit  
CEO  
Dementia Adventure



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Ellen MacArthur Cancer Trust



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Mike Davis  
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Global Witness



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Greenpeace



Kerry Smith  
Chief Executive Officer  
Helen Bamber Foundation Group



Kenneth Roth  
Executive Director  
Human Rights Watch



George Graham  
Chief Executive  
Humanity & Inclusion



Niels Meijer  
Director/CEO  
Johan Cruyff Foundation



Allison Ogden-Newton OBE  
CEO  
Keep Britain Tidy



Dr Lucy Peake  
CEO  
Kinship



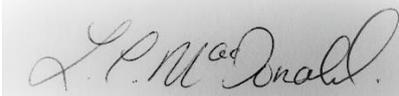
Martha Spurrier  
Director  
Liberty



Mark Curtin  
CEO  
Lord's Taverners



Dame Laura Lee DBE  
Chief Executive  
Maggie's



Dr Lindsey MacDonald  
Chief Executive  
Magic Breakfast



Sandy Luk  
CEO  
Marine Conservation Society



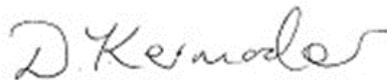
Daniel Adams  
Executive Director  
Mary's Meals



Vickie Hawkins  
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Médecins Sans Frontières UK



Dr Claire Guest  
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Medical Detection Dogs



Deborah Kermod  
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Sir John Leighton  
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The National Galleries of Scotland

David Anderson  
Director General  
Amgueddfa Cymru/ National Museum Wales

Dr Christopher Breward  
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Hilary McGrady  
Director-General  
National Trust

Philip Long  
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Hugo Templeman  
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Steve Beharall  
Head of Foundation  
Newcastle United Foundation

Sir Peter Wanless  
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NSPCC

Dhananjayan Sriskandarajah  
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Dylan Mathews  
Chief Executive  
Peace Direct

Catherine Roche  
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Place2Be

Rose Caldwell  
CEO  
Plan International UK

Paula Wilson  
Interim CEO & PWCF Finance Director  
The Prince of Wales's Charitable Fund  
Trustees and Executive Team

Jan McLoughlin  
Director General  
PDSA

Ed Bracher  
Chief Executive  
Riding for the Disabled Association

Simon Milne  
Regius Keeper (Chief Executive)  
Royal Botanic Garden Edinburgh

Catherine Johnstone CBE  
Chief Executive  
Royal Voluntary Service

Gwen Hines  
CEO  
Save the Children UK

Caroline Harper  
CEO  
Sightsavers

Dougie Stevenson  
Chief Executive Officer  
Street League

Meryl Davies  
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Re-engage

Matt Stringer  
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RNIB

Richard Deverell  
Director  
Royal Botanic Gardens, Kew

David Field  
CEO  
Royal Zoological Society of Scotland

Sir Ian Blatchford  
Director & Chief Executive  
Science Museum Group

Nicola Killean  
CEO  
Sistema Scotland

Darren York  
CEO  
The Conservation Volunteers



Tanya Curry  
Interim CEO  
The Ramblers



John Prendergast  
Co-Founder  
The Sentry



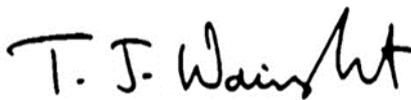
Antonio Zappulla  
CEO  
Thomson Reuters Foundation



Jon Sparkes  
Chief Executive  
UK Committee for UNICEF (UNICEF UK)



Paul Reddish  
Chief Executive  
Volunteering Matters



Tim Wainwright  
Chief Executive  
WaterAid



Kevin Peberdy  
Chief Operating Officer  
Wildfowl & Wetlands Trust

*Dr Jane Davis*

Dr Jane Davis  
Founder and Director of Literature  
The Reader



Konrad Caulkett  
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Leonie Bell  
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Rob Williams OBE  
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War Child UK



Sarah Pugh  
Chief Executive  
Whizz-Kidz



Craig Bennett  
Chief Executive  
The Wildlife Trusts

Laurie Adams  
CEO  
Women for Women International

Darren Moorcroft  
CEO  
Woodland Trust

Tanya Steele  
Chief Executive  
WWF

David Sharrod  
Chief Executive  
Yorkshire Dales Millenium Trust

Rachel Kirby-Rider  
CEO  
Young Lives vs Cancer

Matt Griffiths  
CEO  
Youth Music

Dominic Jerney CVO, OBE  
Director-General  
Zoological Society of London

cc.

Mr Chris Philp MP, Minister for Tech and the Digital Economy, (including lottery policy).  
Mr Nigel Huddleston MP, Minister for Sport, Tourism, Heritage and Civil Society.