Written evidence submitted by the Centre for Public Data

Written evidence to the DCMS Committee Inquiry: What next for the National Lottery?

From the Centre for Public Data, September 2021

About this document

1. This is evidence to the [DCMS Committee inquiry](#) 'What next for the National Lottery?'. It focuses on the inquiry's question "How effectively has the fourth National Lottery licence competition fulfilled the Gambling Commission's objectives?".

Overview

2. The fourth National Lottery licence (4NL) competition was launched in 2020. Although the Gambling Commission (GC) does not appear to have published formal objectives for the competition, [it has stated](#) that its priorities for the 4NL include:

   - Player protection: "The licensee will be held fully accountable for protecting players. Through the competition process, the successful applicant will have demonstrated high standards of player protection... including on prevention of underage or excessive play, and we will hold them accountable for their commitments during the licence period."

   - Monitoring performance: "The licensee will… be required to provide annual, and ad hoc, assurance statements to the Commission to evidence how they have met their obligations. We will have strong enforcement powers and will intervene, when necessary, backed by a comprehensive system of monitoring and reporting."

3. Clearly, these two aims go together: players cannot be protected effectively without reporting and monitoring. The nature of potential harms from Lottery play has changed dramatically since the last licence, with the rise of online and mobile play, and new technologies; the 4NL and the GC's monitoring must evolve in response.

4. However, it is currently entirely unclear whether the 4NL will enable effective monitoring and reporting, in theory or practice. No information about how player protection or monitoring will work in the 4NL has been made available, while [questions on this topic](#) from the APPG on Gambling Related Harm have [not been meaningfully answered](#).

5. There are various potential harms that players can suffer from Lottery play, including unaffordable and addictive play, and it is unclear how these are monitored now or will be in future. Also, the Lottery is apparently already using technologies such as data-driven profiling and targeted advertising, and it is unclear how or if the impact of these on harmful play is being monitored.

6. The GC has not made it easy for researchers to feed into the 4NL monitoring requirements. Reporting requirements in the 4NL have been made available to potential licence bidders, but not (we understand) to MPs or other stakeholders. In addition, the GC turned down an invitation to appear before the APPG to discuss the 4NL, and has not engaged with stakeholders with expertise on harm monitoring during the development of the 4NL.

7. What is clear is that researchers and gambling campaigners are frequently hampered in their work by a lack of reporting data, and MPs struggle to obtain data from the GC on even basic information that might highlight harmful play in their communities.

8. We are therefore concerned that the 4NL and the process to award it may not protect the interests of all lottery participants, particularly in relation to how that gambling-related harms are monitored and reported.

Potential harms: unaffordable play

9. National Lottery sales have risen strongly in recent years, particularly during the Covid-19 pandemic. During 2020/21, Camelot saw ottery sales rise above £8 billion for the first time.

10. This raises questions about potential harms caused by unaffordable spending. While total National Lottery spending is capped at a maximum of £750 per week per individual, this is likely to be unaffordable for many people.

11. However, it is unclear whether either Camelot or the GC currently monitor affordability for either individuals, or across communities: no such data is reported publicly, and the GC's response to questions from the APPG about monitoring did not mention affordability.

12. Affordability for individuals can be assessed via customer profiling (Camelot already profiles customers with Experian), and affordability across communities can be monitored by aggregating revenues by postcode and other administrative geographies, and comparing them with ONS and other socioeconomic data.

13. However, it is unclear whether any such data is currently being reported by Camelot or monitored by the GC, or will be required in the 4NL.

14. What is known is that MPs have been unable to obtain data on Lottery spending even aggregated at constituency level, though it is unclear why this should be commercially sensitive.

Potential harms: addictive play

15. Another potential form of harm is addictive gambling, where players gamble frequently despite negative consequences or a desire to stop.

16. The Lottery's rising sales have been driven particularly by 'instant win' and online games. This raises questions about whether lower barriers to playing these games, their potentially addictive nature, and the use of algorithms in online game design and targeting, might be creating addictive behaviour.

17. Addictive play can be monitored from data by e.g. looking for patterns of addictive behaviour, such as 'sprees' and 'chasing losses', in player transactions, and looking at total time spent playing and how often self-bans are revoked.

18. However, it is unclear whether any such data is currently being reported or monitored, or will be required in the 4NL; again, the GC's response to APPG questions did not provide details.

Potential harms: the impact of new technologies

19. The National Lottery has begun using new forms of promotion, such real-time 'push notifications' on its mobile app, which encourage players to gamble.

20. It also appears to make use of data-driven behaviour profiling and personalised promotions. The Lottery's privacy policy (which it must publish by law) shows that Camelot stores a substantial amount of personal data for these purposes.

21. Data stored on users includes: "name, address, email address, telephone number(s), National Lottery account username, social media username(s), title, date of birth, gender… payments and their date; bank account no and sort code; technical information about your device or browser when you use our app or website, including geolocation data… transaction details including a record of payments made by you and to you, details of National Lottery games played and the outcomes of those games" - essentially a full record of all user details and activity.

22. The purpose of behaviour profiling, personalised promotions and other technologies is to increase revenue by increasing play, and as such they may also increase harmful play.

23. It is unclear whether the relationship between these technologies, and harms such as una☐ordable or addictive play, is currently reported or monitored.

24. The privacy policy also states that user data may be shared with third parties, including social media platforms "for the purpose of targeted advertising"; and that third-party tracking cookies on its website share activity data with advertising companies such as Doubleclick (owned by Google), which can be "used and shared by those companies to build a profile of your interests and show you relevant adverts on other sites".

25. This suggests that UK Lottery players may be targeted with targeted gambling

adverts from other firms online and on social media, based on their Lottery play.

26. Again, the purpose of such adverts is to increase revenue, and as such they may greatly increase the possibility of harmful gambling on third-party sites, particularly where players are vulnerable.

27. It is unclear whether the use of these new technologies, or any relationship between them and harmful play, are being reported by Camelot or monitored by the GC, or will be monitored in the 4NL.

What we know about current harm reporting and monitoring

28. The APPG has asked the GC a number of questions on harm monitoring in the 4NL, but the GC's responses have not provided detail, only high-level assurances that:

    a. The GC receives various data from the licensee on a weekly, monthly, quarterly, six monthly and annual basis, through regular management information and reporting requirements and performance review meetings. The details of this data are not specified.

    b. Targets for harm reduction are used, and may be set via the licence or via conditions of game approvals. No details of how these targets are decided, or what they are, have been supplied.

    c. The GC conducts an annual review of the licensee's performance. This review is not publicly available.

29. No specific details of the content of these reports or targets is available.

30. It is therefore difficult to evaluate whether the harms above are being effectively monitored; it is difficult for researchers, harm and technical experts to feed into the evolution of the 4NL; and it is difficult for MPs to understand whether the GC is fulfilling its statutory role.

Transparency and engagement during the 4NL competition

31. We are concerned that the award process overall has lacked transparency, and that expert stakeholders have not been given adequate opportunities to feed into the reporting and monitoring requirements in the 4NL.

32. Although the 4NL launch document stated "we have been engaging with key stakeholders", Freedom of Information requests show that the GC did not consult with any external gambling experts, academics, researchers, users or harm-reduction bodies during the development of the 4NL - only with MPs, existing Lottery bodies, and potential bidders.

33. Our own requests to meet the GC during the 4NL process did not receive a reply.

34. We are thus concerned that stakeholders with expertise in gambling harms and data reporting have not had the opportunity to feed into the development of the next

licence.

35. This is particularly concerning given concerns raised previously by researchers and MPs about inadequate data usage by the GC (e.g. the Public Accounts Committee's [finding in June 2020](#) that "The Commission's ability to identify problems and intervene is hindered by its lack of data and insight into the problems that consumers have").

Our recommendations

36. The Secretary of State for DCMS and the GC share a statutory duty to ensure that the interests of every participant in the National Lottery are protected. Given the rise of potentially addictive technologies, and the lack of clarity and transparency in harm monitoring, it is currently unclear whether the 4NL will adequately protect the interests of lottery participants, and thus whether statutory duties are being met.

37. We therefore recommend that the GC needs to provide more details of its harm monitoring.

38. The GC should publish full specifications of the data it currently requires to be reported, and seek feedback from other stakeholders, to help mitigate the potential harms described above.

39. Specifically, the GC should publish full specifications of the data currently reported by Camelot in its regular management information reports and performance reviews (i.e. not the raw data, but the definitions of what must be reported). This would help stakeholders understand which harms are currently monitored (and would help researchers and MPs better understand what information they can expect the GC to provide), and which harms are not monitored.

40. The GC should also publish full details of how regulatory reporting requirements are intended to change in 4NL. There is no reason why this should be commercially confidential.

41. The GC should share Camelot's past annual performance reviews with the Committee members, if it does not do so already.

42. The GC should also answer the following questions:

    a. Precisely what, if any, data-driven performance targets on harm reduction have been given to the current licensee, and how is this expected to change in the 4NL?

    b. Has the GC used data to analyse the impact of push notifications and personalised promotions on harmful play, and if so how?

    c. Under section 10.9 of the current licence, does the GC have access to all the software and databases available to the licensee's technical sta□; does it use this access; will this provision be updated in the 4NL; and how will this provision be updated for data held by third parties, e.g. analytics data?

About us

The Centre for Public Data is a new, non-partisan, non-profit organisation that works to improve the quality of the UK's public data. We are technologists who work with Parliamentarians, policymakers, civil servants and civil society to improve data-related provisions in policy, legislation and regulation. We would be happy to discuss any of the issues raised in this evidence.