**Consultation Response – The impact of proposed Lottery Reform on local community based third sector and voluntary and community groups**

**A submission by DVSC**

**Introduction**

The Department for Digital, Culture, Media and Sport is consulting on Society Lottery reform, proposing changes to sales and prize limits for both large and small society lotteries.  The consultation closes on **7 September** and can be found at <https://www.gov.uk/government/consultations/consultation-on-society-lottery-reform>.

The consultation considers annual and individual draw limits and makes the following **recommendations**, primarily targeted at large society lotteries:

* Individual draw limits should be raised to £5m (previously £4m)
* Individual prize limits should be raised to £500k (previously £400k)
* Annual sales limits should be raised to £100m (previously £10m)

It also asks view regarding increasing individual draw and sales limits for small society lotteries.

**Our National Lottery**

The National Lottery is unique. It was set up with the sole aim of maximising returns to good causes that contribute greatly to the quality of our national life. Since 1994, it has helped to transform communities all across the UK funding a wide range of local, grass roots and community based projects and activities.

The National Lottery Good Cause Distributors are expert bodies, fully transparent and democratically accountable. They take a long view of the interests of the nation, consult the public on their strategies and work with all the relevant stakeholders to make sure Lottery funding has the maximum impact on the cultural, sporting and community life of this country.

The National Lottery has had a huge impact on the quality and richness of national life, with National Lottery players generating around £30m every week for Good Causes.

Much of the investment goes to local and community based voluntary and community groups and local third sector organisations.

These groups and organisations are the lifeblood of the third sector in Denbighshire and Wales, building resilient communities through voluntary action and social enterprise.

Historically, National Lottery funding has worked in harmony with society lotteries where its roles and the models it operates have been distinct and complementary.

In recent years, Good Cause income has declined and sales remain fragile. Distributors have as a consequence been forced to reduce budgets. This means there is less money available to support Good Causes with fewer projects in the communities they serve being supported.

**Fragmentation in the Lottery marketplace**

The advent of large External Lottery Managers such as the People’s Postcode Lottery and the Health Lottery has fundamentally changed the lottery market.

Evidence shows this is increasingly leading to confusion among players between lottery games, including the National Lottery.

This fragmentation may lead to reducing monies raised through the National Lottery.

**Our overarching response**

1. Getting funding to community based organisations is more important than ever if we are to meet the needs of future generations in line with the two wellbeing acts here in Wales.
2. **The third sector in Denbighshire (and throughout Wales) needs a thriving National Lottery that acts in the public interest and keeps giving to Good Causes**
3. The proposals in relation to large society lotteries threatens the position of the National Lottery, on which Good Causes depend, and the system of distribution that underpins it
4. The proposal to liberalise the regulatory regime, **and in particular the proposal to raise the amount society lotteries can generate from £10m to £100m per year,** could lead to direct competition with The National Lottery and a consequent reduction in money raised for Good Causes across the country
5. Any decline in the amount of funding raised for Good Causes is likely to have significant and adverse impact on local third sector and community groups. Investment in local voluntary and community groups is needed more than ever. As such these proposals do not appear to be in the public interest
6. At a time when returns to Good Causes have declined, there should be no change to the current system without robust independent evidence to determine the impact of these changes, and whether they could be detrimental to The National Lottery and funding for civil society as a whole
7. Without this evidence base, **we strongly caution against any changes that could upset the delicate balance of society lotteries’ and National Lottery support for community organisations and charities.** Specifically there should be no increase to the per draw sales limit, the per draw prize limit, or the annual sales limit for large society lotteries
8. DVSC makes a clear distinction between the proposed changes that will benefit large society lotteries and changes that are specifically targeted at smaller society lotteries. It is important not to stifle these society lotteries as they are an effective way for medium sized organisations to generate an income directly to sustain their activities. Crucially **smaller society lotteries do not undermine the potential of the National Lottery to raise money for Good Causes. We are therefore willing to endorse the proposals with respect of smaller society lotteries**
9. The National Lottery Good Cause Distributors are expert bodies, fully transparent and democratically accountable. Unlike the People’s Postcode Lottery and the Health Lottery, Welsh National Lottery distributors provide a fully bi-lingual service to their customers, in line with the requirements of the Welsh Language Act. They take a long view of the interests of the nation, consult the public on their strategies and work with all the relevant stakeholders to make sure Lottery funding has the maximum impact on the cultural, sporting and community life of this country. Significant reductions in funding to the National Lottery will curtail their ability to do this. **We do not believe that the proposals to increase competition with large society lotteries is in the public interest**
10. In summary, the National Lottery is the people’s lottery – publicly accountable for its actions and the Good Causes it invests in. Further deregulation of the lottery marketplace will add further disruption to an already volatile marketplace, is likely to reduce the funding available for local and community groups and third sector organisations and could have an adverse impact on the vibrancy of the sector when we need these funds to get to the grass roots more than ever. **The third sector in Denbighshire and throughout Wales needs a National Lottery that acts in the public interest and keeps giving to Good Causes.**

**Our response to the specific consultation questions and recommended model**

Please note the questions below are for reference only

ALL Consultation responses should be submitted via the online survey so copy and paste the responses we have made that you agree with using the online link here: <https://dcms.eu.qualtrics.com/jfe/form/SV_6lieJGckYiFSrM9>

Our recommendations are marked in yellow. ​

***Large Society Lotteries***

Do you consider that the individual per draw sales limit should be amended?

* No - the limit should remain at £4 million
* Yes - the limit should be reduced to £2.5m
* Yes - the limit should be increased to £5 million (Government’s preferred option)
* Yes - the limit should be increased to £10 million
* Other: please specify

Do you consider that the individual per draw maximum prize limit should be amended?

● No - the limit should remain at £400,000

● Yes - the limit should be reduced to £250,000

● Yes - the limit should be increased to £500,000 (Government’s preferred option)

● Yes - the limit should be increased to £1 million

● Other: please specify

Do you think that if the maximum prize is capped at Government’s preferred option of £500,000, the per draw sales limit should be increased to £10 million, as an exception to the general prize limit of 10% of sales?

● Yes

● No

● Don’t know

If you run a large society lottery, do you think you are likely to offer higher prizes if we make changes to the maximum prize limits?

● Yes

● No

● Don’t know This question is not relevant

If yes, in what timeframe:

● Less than 1 year

● 1-5 years

● 5-10 years

● 10+ years

Do you consider that the annual sales limit should be increased?

● No - the limit should remain at £10 million (no change)

● Yes - the limit should be increased to £50 million

● Yes - the limit should be increased to £100 million (Government’s preferred option)

● Other (please specify):

**Small Society Lotteries**

Should the sales thresholds for small society lotteries (£20,000 for an individual draw, and a £250,000 annual sales limit) be raised?

● Yes

● No

If yes, what would be an appropriate level for:

a) the individual per draw sales limit ● £30,000

● £40,000

● Other (please specify):

b) the annual sales limit

● £400,000

● £500,000

● Other (please specify):

Do you foresee any associated benefit to your company/charity as a result of this proposal (e.g. reduced admin costs)?

● Yes (please specify)

● No

Do you foresee any associated cost to your company/charity as a result of this proposal? If yes, please give details e.g. transitional costs, cost of changes to websites, etc.

● Yes (please specify)

● No

Over the next 5 years, if this proposal was implemented, how much would it cost to make necessary changes?

● Less than £1,000

● £1,001- £2,000

● £2,001 - £3,000

● £3,001 - £4,000

● Greater than £4,000 (please specify)

Do you consider that your customers are playing your lotteries because of the good cause or prize? Which is more important to your customers?

● Good cause more than prize

● Prize more than good cause

● Both

● Other (please specify):

Would your company/charity change the percentage of proceeds used to payout prizes as a result of this proposal? How would this change? Not relevant

As a result of this proposal would your current advertising practice change in any other way?

● Yes (please specify)

● No - not relevant

Do you think that as a result of these proposals returns to good causes will increase?

● Yes (please specify)

● No

**Responses to the specific questions asked in the consultation document must be submitted online. The link is here:** <https://dcms.eu.qualtrics.com/jfe/form/SV_6lieJGckYiFSrM9>