We welcome the Gambling Commission’s recognition that society lotteries are a fundamental part of the giving landscape; we see lotteries as a vital part of our fundraising portfolio and are pleased to see that their governance is a focus of the Commission. We also welcome the drive for greater transparency to consumers; Cancer Research UK strives for transparency and best practice in all of our fundraising operations.

We are pleased to have the opportunity to respond to this consultation and would be very happy to engage with the Gambling Commission on this issue in future, if that would be of use.

Q1. Do you agree that SR Code 4.3.1 should be added to provide greater transparency on the use of lottery proceeds by societies and local authorities?

- Publication of percentage of lottery proceeds returned to the purposes of the society should be made available to consumers through either their annual report, lottery page of their society website or any other means appropriate to the size and scale of their org.

Cancer Research UK strives for transparency and best practice in all of our fundraising operations. As a result, we wish to support measures that lead to greater transparency and accountability.

In principle, we support the idea of providing the percentage of lottery income made available to the charitable cause. However, we are concerned that in this case, efforts to increase transparency by increasing the reporting requirements could be counterproductive if not accompanied by other changes.

At present, we are not aware of any common consensus about calculating the amount of income available from society lotteries to spend on the charitable cause. This includes both how “set up” costs are defined and how other costs may be spread over the lottery activity for a period of time. Disclosing a crude percentage figure could lead to inconsistent approaches to determining this percentage by licence operators. There could also be pressures on some license holders to report a high a percentage as possible. This would therefore not increase transparency in any meaningful sense.

The consultation document does not give any indication of how the Gambling Commission would ensure that such sensitive data will be monitored and demonstrated to be meaningful. We therefore recommend that the Gambling Commission considers issuing updated guidance that would take this into account prior to implementing SR Code 4.3.1 and engage with stakeholders further on that guidance.

We are pleased to see that the approach to increasing transparency can be flexible and allows charities to explain their approach in their own words. This is particularly important for charities hoping to establish a new lottery, or grow an existing lottery, and who might therefore be investing more in a given year.

However, this flexibility means that there would be significant differences in the timing of when this information would be made available to the public, if it was to be provided through a charity’s Annual Report. For example, if a licence holder was a limited company and had a year end of 30 November, the percentage for the year to 31st December 2017 would only need to be published...
(meeting statutory deadlines) by 31st August 2019. There is a danger that a consumer would only have access to out-of-date information to support their decision.

**In conclusion, we only agree that SR code 4.3.1 should be added to provide greater transparency on the use of lottery proceeds by societies and local authorities when the issues raised in our response have been properly addressed.**

**Q2. Do you agree that SR Code 4.3.2 should be added to provide greater transparency to consumers on which societies are promoting their lotteries through a single brand?**

We understand the rationale for the introduction of SR Code 4.3.2 and, as stated, fully support the intention of increasing transparency.

**Q3. Do you have any other comments on the proposed new SR Codes as drafted?**

We agree with the conclusions of the House of Commons Culture, Media and Sport Committee’s 2015 report that there should be greater differentiation between the majority of lotteries which are small, and the minority of large lotteries run by commercial organisations. Whilst there is clear rationale for increasing transparency across the board, the proposed SR Codes appear to be aimed at improving practice for large, commercial lotteries but will also affect small charity-run lotteries – and potentially negatively, as explained above. As the society lottery sector continues to grow, the adverse impact of a ‘one size fits all’ approach is also likely to grow with time.

Lotteries run by individual charities are restricted by the current limits on individual licenses and therefore charities must purchase additional licenses if they wish to grow their lottery activity. They must then market each lottery separately, which is confusing to consumers wishing to support the charity as a whole and single entity. This also limits the proportion of income that can be returned to the charitable cause, since there is a greater administrative cost associated with purchasing, managing and marketing multiple licenses. Increasing the limits to the amount that can be raised on each license would allow charities to develop their lottery activity further and raise vital funds for their charitable cause in a way that is meaningful to consumers and makes the best use of their generous donations.

**We therefore also support the Committee’s recommended amendment to the legislation, to recognise a class of umbrella lotteries, and to raise the limits on the single society large and small lotteries. We would be very pleased to engage with the Gambling Commission on further work to define such new policy in the future.**

**Q4. Do you have any views on how we define instant win, low and high frequency lotteries, for the purposes of these codes where separate proportionate requirements are proposed?**

N/A

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