

UK NATIONAL LOTTERY LICENCE COMPETITION: INITIAL MARKET ENGAGEMENT



**THE
NATIONAL
LOTTERY®
LICENCE
COMPETITION**



**GAMBLING
COMMISSION**



FOREWORD

by Chief Executive, Neil McArthur

The UK National Lottery is one of the world's largest lotteries. Every month **14 million** people take part in the draw-based games and more play its range of instant wins, with **£6.9 billion** sales last year alone.

The licence to operate the National Lottery expires in 2023 and now is the time to start a conversation with our dedicated team about your ideas and possible innovation opportunities for the future.

Launched in 1994 to support good causes across the UK, the National Lottery has already raised over **£38 billion**, transforming lives and contributing to the arts, sports, heritage and communities.

As the UK prepares to celebrate **25 years** of the National Lottery and the incredible causes that have benefited, we are gearing up to take the National Lottery into a new era, which maximises returns to good causes whilst protecting the safety of its players.

The world has changed since 1994, when there were only four TV

channels in the UK, no smartphones and social media was in its infancy. Now in 2018 we want to look globally for the best ideas, innovations and experiences to create a National Lottery that is fit for the future. To do that we want to talk to potential operators who might want to participate in the next competition.

In a world where communications are 24-hour and technology continues to change at an increasingly fast pace, we must make sure that we protect players and ensure that safe and fair play is achieved, hand in hand, with returns to good causes.

We aim to run a fair, open and robust competition, which will ultimately help us to continue to meet our statutory duties. And from now into early 2019, we look forward to working initially with a wide variety of stakeholders to maximise the UK National Lottery's contribution to benefit British society, and we are keen to hear your ideas on how we can best do that.

Neil McArthur
Chief Executive



THE FOURTH NATIONAL LOTTERY LICENCE COMPETITION

The Gambling Commission is the UK's independent, statutory body responsible for awarding licences to run the National Lottery and tasked with regulating it to ensure safe and fair play. The current licence is due to expire in 2023.

As part of our responsibility as a regulator, we have three overriding statutory duties and the team will make sure these will underpin the fourth licence competition:

- ◆ Ensuring the National Lottery is run with propriety
- ◆ Ensuring that participants' interests are protected, and
- ◆ (subject to those two duties) doing our best to secure that the proceeds from the National Lottery are as great as possible

Whilst the Gambling Commission is responsible for managing the competition, and regulating the National Lottery, the distribution of funds will continue to be separate, undertaken by independent distribution bodies, overseen by the Department for Digital, Culture, Media and Sport (DCMS) – our sponsoring department.

THE OPPORTUNITY

The UK National Lottery is one of the world's largest lotteries; however, we believe there is still significant untapped potential for growth which retains the principles of being responsible, safe and fair.

We view the next licence as an opportunity for existing lottery operators and/or new entrants to be creative and innovative, and, in short, **sustain and build on one of the world's best lotteries.**

The context for the National Lottery has changed since the third licence was awarded. For example, technology based products and services have been widely introduced and continue to change rapidly. We want to explore opportunities for innovation and flexibility for the fourth licence and we want to ensure that the National Lottery is relevant and attractive to all parts of society, in line with our priorities and statutory duties.

We have established a team to design and manage the competition for the next licence/s. We aim to run a fair, open and robust competition which will ultimately help us to continue meeting our statutory duties on propriety, player protection and returns to good causes.

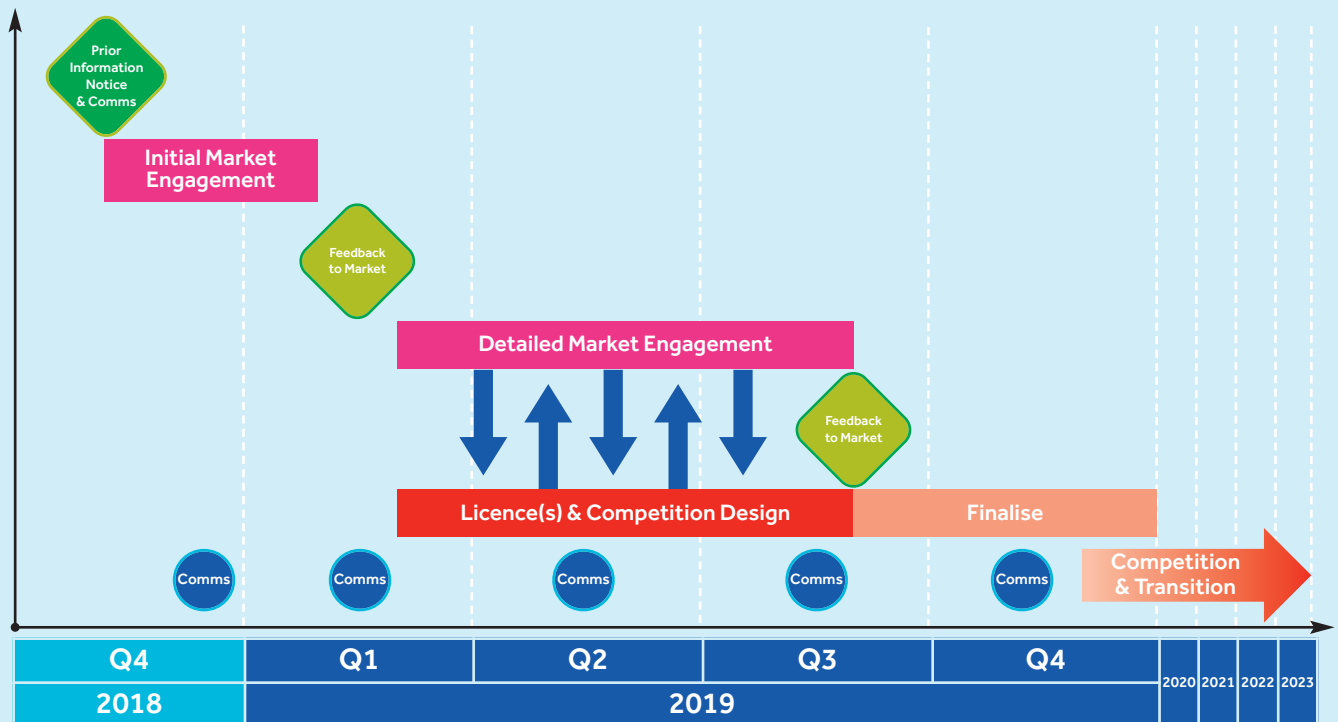
We would like to hear from businesses and investors interested in the National Lottery, which could include end-to-end solution operators and/or finance or technology providers. **We are ready to engage with you to help design the competition and want your input to inform and shape the future of the National Lottery.**

CONTINUED OVER...

THE OPPORTUNITY CONTINUED

We are developing the detailed plan, but as illustrated below we will be undertaking initial market engagement between now and the end of January 2019. We also plan to provide feedback to the market around February 2019, and subsequently enter more detailed discussions leading to the competition.

Communication updates will be issued approximately every two months. **We are planning to work with potential bidders to finalise the licence and competition design and timings, prior to launching the competition**



For more information about the fourth National Lottery licence competition visit www.4nlc.com

THE NATIONAL LOTTERY[®] LICENCE COMPETITION



THE UK NATIONAL LOTTERY: A NATIONAL ASSET

The National Lottery was launched in 1994 to raise funds to support good causes across the UK through its ticket sales and offer life changing prizes to players. It is operated under licence.

More than **20 million** people watched the National Lottery launch its first live draw on prime-time television in 1994. It fast became part of the fabric of our society. The weekly draw became a prominent Saturday night TV entertainment feature for many people and instant win games – such as scratchcards – were introduced with the opportunity for players to win smaller prizes any day of the week. Everyone knew someone who played, whether as an individual player or in syndicate with colleagues, family or friends.

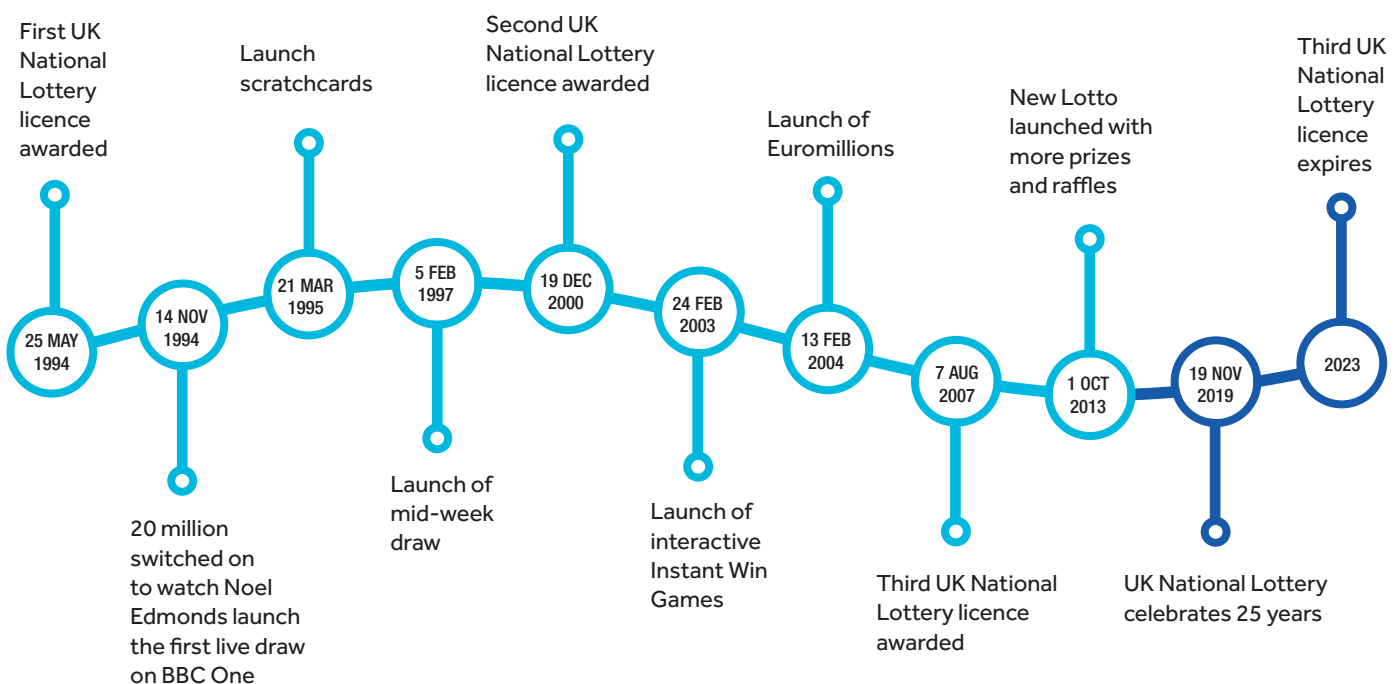
Currently the National Lottery can be played either in store or online. There are approximately **45,000** retailers located throughout the UK ranging from local independent retailers to large supermarket chains.

A 25 year journey supporting good causes

The National Lottery celebrates **25 years** in 2019.

In its lifetime it has awarded over **£67 billion** in prizes and created more than **5,000** millionaires. In addition, over **£38 billion** has been raised to support good causes with more than **535,000** individual grants made across the UK. This has funded flagship multi-million pound projects as well as many local community projects.

One of its most significant contributions was **£2.2 billion** towards the cost of the London 2012 Olympic and Paralympic Games.



IMPACT SO FAR

Since 1994, the National Lottery has raised over **£38 billion** to support good causes across the UK, transforming lives and communities and contributing to the arts, sports, heritage and communities. There are **12** National Lottery funders who independently decide which projects are awarded funding.

The **British Film Institute (BFI)** awards National Lottery funding to support film culture in the UK, backing bold and original storytellers, giving audiences across the UK the chance to see the world's best films and nurturing the very best in UK filmmaking talent. The BFI Film Academy, funded in part by the National Lottery provides opportunities for young people aged 16-19 from all backgrounds, wherever they live in the UK to be part of, and shape our future film industry.



"The BFI Film Academy just let me as a young British Muslim woman come and take part and welcomed me"

Mozalfa, participant at Reel solutions, Bradford

Sportscotland is the national sport agency for Scotland. They are responsible for developing sport in Scotland and work closely with partners to advance sport in schools, clubs and performance sports.

Through sportscotland and the UK National Lottery **#RaiseASmile** campaign a new judo hub for visually impaired young people in Clydebank received life-changing kick-start funding. The initiative allows young people to explore the inclusive sport of judo.

Sam Ingram, two-time Paralympic medalist and coach at the club, said: *"Those who are visually impaired like myself can sometimes struggle to find a suitable sport but judo has so much to offer."*



"The judo hub will really benefit young people with visual impairment, help build their confidence and allow them to potentially discover a sport for life."

"From the funding we're able to create a new sporting opportunity and I can't thank The National Lottery enough."

The **Heritage Lottery Fund (HLF)** uses money raised by National Lottery players to help people across the UK explore, enjoy and protect the heritage they care about. The projects funded by HLF vary from restoring natural landscapes to rescuing neglected buildings, from recording diverse community histories to providing life-changing training.

Clive Henry was among a group of volunteers who brought the often hidden links between heritage sites and African slaves into sharp focus through the **Slave Trade Legacies** project.

The Nottingham taxi driver, who spends much of his spare time campaigning against racism and injustice, joined the Heritage Lottery Fund supported group while he was at his lowest ebb in life



"The project gave me a new focus and helped me to heal by getting out and about and meeting people."

Clive Henry, Slave Trade Legacies project

Olympic Gold Medalist

"We are incredibly privileged to be UK Sport and National Lottery funded. It's been our game changer. It really has. We are a 31-women team squad and we can train day in day out. We can look at the detail in our nutrition and in how we eat, drink and sleep. This is all because we're full-time at Bisham Abbey. It's seen our programme go from eighth, to third to winning a gold medal at Rio. It's taken time, it's been methodical and it's been planned but we couldn't have done it without National Lottery support."



Alex Danson MBE – England Hockey captain

WHAT HAPPENS NEXT...

If you are interested in this opportunity, and we very much hope that you are, please email the team at:

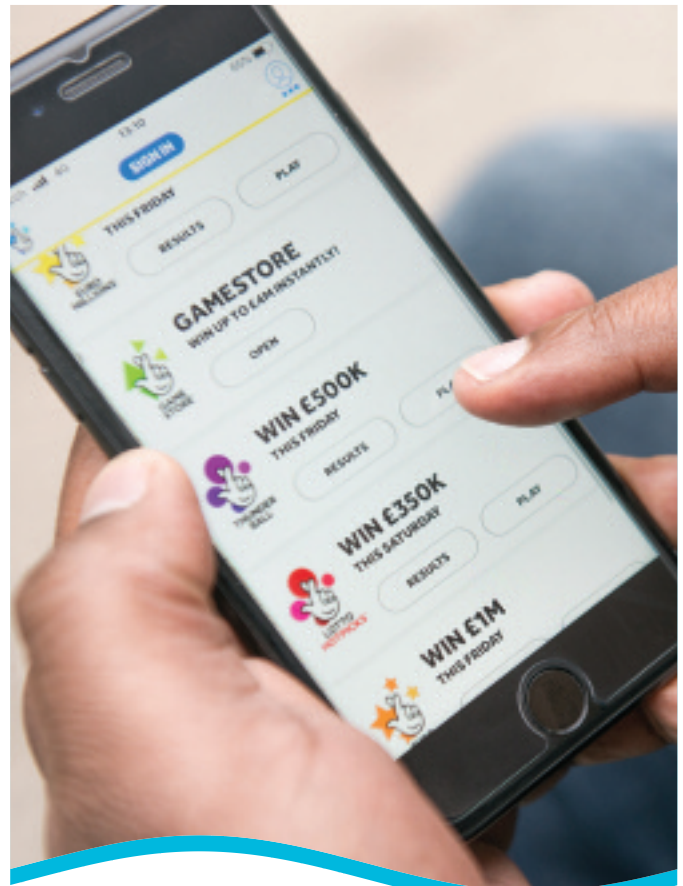
4NLCengagement@gamblingcommission.gov.uk

We will liaise with you or your team to find suitable dates and agree a meeting, whether in person, or via an alternative channel more convenient to you. If you would like a meeting, please contact us as soon as possible.

We want to hear your views and ideas on the lottery market to help us shape the future of the National Lottery. In addition to any specific points that you may wish to raise – our discussion points may include:

- ◆ Number of Licences/Operators
- ◆ Licence(s) Duration and Extension options
- ◆ Licence and Regulatory constraints
- ◆ Player Market potential
- ◆ Competition process and timings
- ◆ Information needed to submit high quality bids
- ◆ Consortia type bids
- ◆ Approach to transition from third to fourth licence.

The UK National Lottery is an exciting opportunity for businesses and investors and we very much look forward to hearing from you.



For more information about
the fourth National Lottery
licence competition visit
www.4nlc.com

THE
NATIONAL
LOTTERY[®]
LICENCE
COMPETITION



GAMBLING COMMISSION

Victoria Square House, Victoria Square
Birmingham B2 4BP

www.gamblingcommission.gov.uk

**THE
NATIONAL
LOTTERY®
LICENCE
COMPETITION**



If you would like to contact the Gambling Commission
to contribute to these discussions, please contact:

[**4NLCengagement@gamblingcommission.gov.uk**](mailto:4NLCengagement@gamblingcommission.gov.uk)