

**Cancer Research UK response to the Department for Digital, Culture, Media and Sport's
consultation on Society Lottery Reform**

September 2018

Cancer Research UK is the largest fundraising organisation in the UK. As a charity, we receive no funding from the Government for our research and our ground-breaking work is therefore only possible because of the generosity of the public. In 2016/17 we spent £432 million on research in institutes, hospitals and universities across the UK, funding over 4,000 researchers, clinicians and nurses. In 2016/17 alone, over 40,000 volunteers gave over four million hours of their time. Our ambition is to accelerate progress to see three in four patients survive cancer by 2034.

At Cancer Research UK we see lotteries as a vital part of our fundraising portfolio. We therefore welcome the Government's recognition that society lotteries are a fundamental part of the giving landscape and we are pleased to have the opportunity to respond to these proposals for reform. We would be very happy to engage with the Department for Digital, Culture, Media and Sport on this issue further if that would be of use.

Key points

- We are very supportive of the Government's objectives and proposals, which we believe would allow us to grow our society lottery in a way that makes best use of our supporters' generous donations.
- We agree with the Government's view that society lottery returns can be increased whilst still ensuring any changes are not detrimental to The National Lottery.
- We also agree with the importance of maintaining public trust and confidence in society lotteries, and the wider charitable sector. We know that only through achieving best practice and communicating effectively about our work can we secure public confidence.
- We strongly support the proposals to increase the sales limits. These changes would increase the revenue earned from society lotteries and in many cases would also be more efficient, so that a greater proportion of the returns could go towards reaching our ambition to beat cancer sooner. Under the current system, in order to grow our lottery we would need to move to a multiple license model, which is significantly more expensive and could be confusing for our supporters.
- The benefits that these changes would have for the charity sector mean it is imperative that these proposals are implemented as soon as possible. We urge the Government to ensure that these changes are implemented before December 2018.

Large Society Lotteries

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

Yes- the limit should be increased to £5 million (Government's preferred option).

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

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

3. ***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, we see no problem with this. Our maximum prize under our current lottery arrangement is £15,000 and whilst we do not anticipate this increasing in the short term, we believe that separating

the prize amount from sales would help future proof the new legislation for years to come, through enabling innovation and growth in the society lottery sector. We support the Lotteries Council's stance that increasing the limits could allow greater flexibility.

4. ***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?***

Don't know: given the value of prizes awarded by Cancer Research UK at present, we think it is unlikely that we would increase the value beyond the current limits. However, if audience insight showed that larger prizes would have a significant impact on lottery income, this could be reviewed in future.

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

Yes-the limit should be increased to £100 million (Government's preferred options)

Small Society Lotteries

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

Yes.

If yes, what would be an appropriate level for:

- a) ***the individual per draw sales limit***

£40,000

- b) ***the annual sales limit***

£500,000

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

Yes, we see numerous benefits as a result of these proposals for both Cancer Research UK and the charity sector as a whole. The implementation of these changes would not only increase revenue earned from lotteries but in many cases would also decrease the associated running costs, allowing charities to have more of an impact.

We are currently hoping to grow the lotteries we run. Under the current rules, this would give us little choice other than to move to a multiple licence model. This would be expensive to set up and would incur significant ongoing running costs. Using multiple licences also runs the risk of being confusing for supporters. Doing this would therefore reduce the proportion of income that would be available to the charitable cause, since there are greater administrative costs associated with purchasing, managing and marketing multiple licences.

We estimate that the cost to us of setting up an arrangement like this would be of the order of £345,000 and that the additional running costs per year would be approximately £130,000 per annum. Increasing the sales limit would avoid these costs, meaning we could have a greater impact as more of the funds raised through our lottery could be used to help beat cancer sooner.

8. ***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.***

No, rather, if this proposal does not go ahead we will either incur significant costs to set up and then run new societies with additional licences or miss out on additional income for our cause.

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

Less than £1,000. It is anticipated the cost to make necessary changes would be minimal. In contrast, we estimate that to implement a multiple licence model would cost Cancer Research UK £345,000, with ongoing running costs of around £130,000.

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

Both. Our consumer insight highlights that our supporters wish to contribute to our life saving work in a way that provides a little fun to them at the same time. Below are some examples of what our supporters say about winning:

"I'm really pleased - it was not about the money though, it's the help I can give to CRUK."

"I'm really happy to have won. I'm a cancer survivor myself and I think it's a great cause"

These statements reaffirm our understanding that our supporters play not only for the prizes but also to support our great cause. Furthermore, our audience insight demonstrates to us that lotteries attract new audiences, encouraging more people to support Cancer Research UK.

11. *Would your company/charity change the percentage of proceeds used to payout prizes as a result of this proposal? How would this change?*

No: our focus remains on raising the maximum funds for our cause. As a result we do not anticipate changes to the value of our prizes.

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

No.

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

Yes: we believe that the implementation of the proposals outlined by the Government would result in greater returns to good causes. This would often result in less cost administering lotteries and would encourage revenue growth for Cancer Research UK and the wider charitable sector.

Our anticipated increase in lottery income would take us over the current income threshold in the not-too-distant future. The current inability to increase income beyond the current licence limit would mean that in order to keep up with this growth, we would have no choice but to move to a multi-licence arrangement. As stated previously, this would incur significantly more administrative costs. If we were able to raise more money on one license we would therefore be able to return a higher proportion of the income to the course.

The benefits that these changes would have for the charity sector mean it is imperative that these proposals are implemented as soon as possible. If not, charities like ourselves must either move to a multiple licencing model or delay growth while waiting for the changes to be implemented, resulting in lost income.

We therefore agree with the Lotteries Council that these changes should be aligned with the Gambling Commission's calendar assessment period and urge the Government to ensure that implementation happens by December 2018.

For further information please contact Rose Gray, Policy Manager at rose.gray@cancer.org.uk or 020 3469 8046.