Meg Hillier MP  
Chair of the Committee of Public Accounts  

[By email]  

14 November 2018  

Dear Meg,  

Thank you for your correspondence dated 15 October 2018 regarding our response to the Committee’s report The future of the National Lottery.  

I address each of your concerns below:  

Recommendation 3b: The Gambling Commission should intervene promptly to reverse changes if they prove unsuccessful.  
We agree that the Gambling Commission should intervene promptly if changes prove unsuccessful. Our point of disagreement is whether this should necessarily imply game reversal.  

As the regulator the Gambling Commission has a range of processes in place to deal with National Lottery Games should they be unsuccessful, this also includes game reversal where appropriate. The Gambling Commission requires Camelot to produce risk and contingency plans for all game changes, indicating how and when it would intervene to address underperformance.  

The National Lottery is run by a commercial operator under licence from the regulator. Under the licencing structure the operator and regulator have distinct roles. Under this model any responses to underperformance should be proposed by the operator based on their commercial knowledge and then challenged by the regulator. The Gambling Commission explicitly challenged Camelot at the National Lottery Committee in July 2016 on whether the 2015 Lotus game should be reversed, but were persuaded that such a response would be harmful as it had the potential to confuse players or cause a further decline in sales. Alongside the jackpot cap that Camelot put in place in response to the underperformance they also changed their promotions plan and marketing approach.  

Camelot considered Lotto as part of the recent strategic review of their business and have announced that they will be introducing further changes later this month which seek to address the decline in sales.  

Recommendation 5a: Starting immediately, the Department should share real-time weekly sales data with the distributors.  
The Gambling Commission will shortly commence monthly provision of commercially sensitive data to Distributors which includes a weekly game level breakdown of
sales, supported by appropriate commentary. As set out in our initial response to the Committee, we have proactively continued our discussions with the Distributors to ensure data provided is useful and robust in aiding their planning of future grants. As a result of discussions taken place the Distributors have confirmed that the provision of data to be supplied appropriately meets their needs of regular income and sales data. Overall then, the Distributors will get weekly data, but on a monthly basis, i.e. not in "real time".

The Gambling Commission have continued to make material improvements to their econometric forecasting model, and have shared the latest outputs from this activity with Distributors.

Recommendation 6: Camelot should work with the Lottery Distributors to better publicise the link between good causes and the Lottery and communicate the contribution to good causes from each type of game to customers at the point of sale.

Personally, I have some sympathy with the Committee here; intuitively it seems it would be sensible to alert players at the point of sale that some products typically return less to good causes than others. However this is for Camelot, and they wrote to the Committee on 28 September 2018 with their evidence that players have a greater link to good causes after playing the National Lottery game than at the point of sale. Camelot are therefore focussing on making the emotional link to good causes through their other initiatives and will keep the Committee’s recommendation under consideration.

I hope the above information provides reassurance that our response and proposed further actions will address the concerns raised by the Committee.

Yours sincerely,

Dame Sue Owen DCB
Permanent Secretary