Dear Chair,

The Future of National Lottery Funding - Update from Camelot

Thank you again for inviting me to give evidence to the Public Accounts Committee on behalf of Camelot on Wednesday 24th January, and for the Committee’s subsequent report of 26th March 2018. I read the conclusions with great interest.

The report included two recommendations specific to Camelot, and I am delighted to enclose updates for the Committee relating to the following:

- Conclusion 6 recommendation: 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. We would expect improvements to have been implemented by September 2018.

- Conclusion 7 recommendation: Camelot should review its level of contribution to deal with problem gambling and explain to us within six months why this is a fair contribution to GambleAware for such a widely-played gambling product.

I would like to take this opportunity to thank the Committee for its interest in The National Lottery, and particularly for the focus on maximising returns to Good Causes, which is Camelot’s overriding objective as operator. I hope that the information set out in the attached will reassure the Committee that there is a considerable amount of work being undertaken, in conjunction with the National Lottery Distributing Bodies and the wider National Lottery family, to ensure that Good Cause returns are maximised, in a socially responsible way.

I would be very happy to answer any further questions that you might have about the enclosed information, and please do not hesitate to be in contact if you would like to arrange a meeting for further discussion.

Yours sincerely,

Nigel Railton
CHIEF EXECUTIVE
Section 1: Working with the Lottery Distributors to better publicise the link between Good Causes and The National Lottery

Conclusion 6: We are concerned that awareness of the National Lottery’s support for good causes has fallen, and that this is likely to have contributed to reduced participation. The huge contribution made to good causes is less evident to the Lottery player than it used to be. National Lottery draws are no longer broadcast by the BBC and good causes are not mentioned on lottery tickets or well-advertised at the point of sale, either online or in shops. This means that players are less aware of the link between playing the lottery and supporting good causes. They are less positive about the Lottery and so buying fewer tickets. The Department and Camelot agree that good causes should be promoted more in Lottery advertising and Camelot acknowledges that it should do more to promote good causes and the contribution that the Lottery makes to local communities.

Recommendation: 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. We would expect improvements to have been implemented by September 2018.

Introduction

Since its launch in 1994, The National Lottery has become part of the fabric of UK society. Many people are aware of the life-changing prizes on offer and the big jackpot winners – but that is just one aspect of The National Lottery and its impact on the nation. On average, £30 million is raised every week for Good Cause projects throughout the UK. To ensure a healthy National Lottery for the future, it is important that National Lottery players understand the significant role they play in making that possible, and that the public knows where and how their money has been spent. As the Committee notes, the unique role The National Lottery plays in raising funds for Good Causes has become less evident in recent years and Camelot has been working hard to address this, in partnership with the National Lottery Distributing Bodies.

We have taken each element of the Committee’s conclusion and addressed them in turn below.

Awareness of The National Lottery’s support for good causes

We know from our research that there is still a broad appreciation of the link between The National Lottery and the fact that it raises money for Good Causes. Around 80% of people are aware that The National Lottery raises funds for Good Causes. However, we want this to be even higher, and more relevant and emotionally engaging for the individual, for example to resonate with a local project they have visited. For The National Lottery to be a success, we need to have a large number of people playing a little in a responsible way. That means raising awareness of the positive impact of The National Lottery and bringing people into the game.

Increasing positivity

Research tells us that people who feel positive about The National Lottery are four times more likely to play and that hearing about local Good Causes encourages them to continue to play or play more regularly. As the Committee knows, Camelot undertook an extensive strategic review last year, and a key finding was that – echoing the sentiments of the Committee – The National Lottery and its purpose must be made more relevant and visible. In order to address this, a huge amount of collaborative working and resource has resulted in a range of measures to improve positivity, and therefore participation. The following sections set out some of the measures that have been implemented, along with the results which are already being seen.
Getting The National Lottery back on prime time TV

The Public Accounts Committee report noted that National Lottery draws are no longer broadcast by the BBC. As Camelot CEO Nigel Railton expressed at the inquiry hearing, it has been our ambition to get The National Lottery draw back on primetime national TV. Earlier this year we entered into a commercial partnership with ITV, with a new format fronted by well-known ITV personalities delivering the Lotto results to the nation during primetime ITV programming. The partnership launched on 14 April during Britain’s Got Talent and has to date had two different concepts:

- **Big Surprise**
  The Big Surprise format was specifically focused on Good Causes, with a National Lottery-funded project being surprised and recognised for its contribution to the community. An example of The Big Surprise, which featured charity Ruddi’s Retreat can be found here: [www.youtube.com/watch?v=m5s4hGk-ZXA](http://www.youtube.com/watch?v=m5s4hGk-ZXA)

- **Race to the Numbers**
  This format focuses on prizes, and gives ITV viewers an opportunity to win cash prizes by identifying and ‘racing to’ a National Lottery-funded landmark. This allows us to highlight Lottery-funded projects while bringing an interactive element to engage the public and ITV viewers. An example of Race to the Numbers filmed at the National Lottery-funded Kelpies in Falkirk can be found here: [www.youtube.com/watch?v=QuX96-876HE](http://www.youtube.com/watch?v=QuX96-876HE).

In addition, National Lottery Good Causes are also celebrated on television via The National Lottery Awards, broadcast on the BBC. This year’s ceremony was the fifteenth year of the awards, which recognise the UK’s favourite National Lottery-funded projects. The awards, voted for by the public, showcase the incredible difference that these projects have made to people, places and communities all across the UK.

**Working with the National Lottery Distributing Bodies to publicise the link between Good Causes and playing The National Lottery**

While we have always worked with the National Lottery Distributing Bodies and other key partners, this joint approach has been formalised and developed through an extensive piece of work undertaken over the past year. The aim is to deliver a clear, single National Lottery brand, which more effectively communicates the unique role of The National Lottery, raises awareness of the life-changing good that it does and recognises the all-important contribution of National Lottery players to society. This summer, new branding guidance – created jointly by all the organisations in the National Lottery family (Funding Distributors, Camelot and government) – was finalised. It included advice about how and why the link between play and Good Causes is vital and must be made clearer. The following underpins the ethos of the project:

“*We’re unique. Not one organisation, but a family of many. Over the years the National Lottery family has worked apart, but now we are getting closer as One National Lottery.*”

“We want people to feel good about The National Lottery, so they keep playing and extraordinary things keep happening. If we don’t link The National Lottery to the funding it provides, then it’s just another game. And there are plenty of games to choose from nowadays. If we do link The National Lottery to the funding, especially when people are experiencing it, then it reminds them that it’s extraordinary and unique.”

This feeds into how the distributors communicate with the public about Lottery-funded projects and highlights that the funding comes from National Lottery players.
#ThanksToYou

Another example of cross-stakeholder working is the four-week #ThanksToYou campaign, which encourages Good Cause projects to say thank you to National Lottery players for supporting a huge range of initiatives in communities across the UK. Last year the campaign, promoted on millions of National Lottery tickets and through social media, focused on the arts, community, sports and heritage sectors, with thousands of funding beneficiaries taking part. Projects responded in their own unique way – from celebratory videos to free days out. For example, in the heritage sector, 425 attractions – including the National Trust, the Science Museum, Jodrell Bank, the Design Museum and the Royal Academy – threw open their doors for free or provided other free offers for anyone turning up with a National Lottery ticket. Two-thirds of the projects that took part said that their visitors were now aware of National Lottery funding. Following the popularity of the initiative – which trended twice on Twitter, attracted over 1.3 million video views and generated extensive media coverage – we will be running #ThanksToYou again in 2018 and are working with the distribution bodies to make the campaign even bigger and better.

For instance, September 2018 will see the inaugural National Lottery Cinema Day, celebrating the contribution of National Lottery funding to the UK film sector. To be held at the end of September, players arriving at cinemas with their Lotto ticket will be allowed free entry into a film of their choice, and cinemas around the country will screen National Lottery-funded films on this day.

The People’s Projects

In addition to the work set out above, we will continue our existing activity such as the People’s Projects, a collaboration between the Big Lottery Fund, The National Lottery, ITV and STV, which gives the public a chance to decide how National Lottery funding should be put to good use in their local area. Since its launch in 2005, around £39 million has been awarded through the partnership to 865 community projects across the UK. This year, 95 shortlisted projects were featured on television across the UK, with the three projects that gained the highest number of public votes in each region receiving a funding boost of up to £50,000 to enable them to continue to improve the lives of people in their communities.

All of the above initiatives help to make the link between playing The National Lottery and raising funds for Good Causes. We are seeing the National Lottery ‘family’ working together in new ways and using new tools and activations to ensure that the message reaches more people than ever, and builds understanding of the positive impact of The National Lottery on the UK.

Promoting Good Causes and the link to local communities

As acknowledged above, we want to do more to link National Lottery Good Causes to local communities. Through our retailer network of around 45,000 retail outlets across the UK, Camelot’s regional sales team and distributors’ local funding teams, The National Lottery has advocates in every community and we want to leverage these opportunities to talk about National Lottery-funded Good Causes in a way which really resonates at a local level. We are currently working with the Big Lottery Fund on a new work stream looking at a more systematic approach to regional communications. For example, we are building a pilot scheme in which regional Big Lottery Fund teams work with Camelot sales teams and local retailers to make the link between local Good Causes and The National Lottery as the funding source. The ambition is to involve other Lottery Distributors, creating local ambassadors for The National Lottery in every region.

Part of this process is to send posters to independent retailers which they can display, celebrating the funding their store has contributed to National Lottery Good Causes. This acts as both a ‘thank you’ and also makes a direct, local link between play and Good Cause funding.
Amazing Starts Here

A key priority is to make The National Lottery and its purpose far more relevant and visible, ensuring the public knows where and how their money has been spent and making a clear link between play and Good Cause funding. This has culminated in our new ‘Amazing Starts Here’ campaign which launched in September 2018.

The diagram above shows the founding principles of the new campaign. The creative force behind the campaign is our newly-appointed agency adam&eve, whose brief is to help us deliver our ambition of making The National Lottery and its purpose far more relevant and visible.

The launch of Amazing Starts Here includes two national adverts, one focused on Good Causes highlighting Lottery-funded project ‘Haircuts for the Homeless’, and another focused on a winner story. The campaign shows how the amazing work of The National Lottery starts with players buying a Lotto ticket.

Good Cause contributions at point of sale

Moving on to the recommendation about communicating the Good Cause contribution from each game type at point of sale, we have undertaken research which asks National Lottery players why they play, and we have found that the motivation varies significantly by game. None of those asked about their motivation at the point of sale mentioned Good Causes. However, after playing a National Lottery game, players did mention Good Causes when reflecting on their experience and rationalising their next purchase. This suggests that making an emotional link through the initiatives detailed in the previous sections would have greater effect than more detailed breakdowns of information at point of sale.

Our work at the moment is therefore focussed on re-connecting The National Lottery brand with its unique purpose and contribution to society. This has a much wider focus that the specific contribution to Good Causes from each game. It is also worth noting that consumer research shows that “£30m each week to Good Causes” is the most tangible and understandable figure for consumers, so we focus on that over other possible messages such as £38bn raised overall for Good Causes since The National Lottery was launched or the percentages from the pound.

Conclusion

We share the Committee’s desire to ensure that returns to Good Causes are maximised – this is our overriding objective as operator of The National Lottery and is central to everything we do. As set out above, there is a considerable amount of work being undertaken in partnership with the Lottery
Distributors and with the wider National Lottery family to achieve this goal. We are always looking at ways to ensure that we are communicating in the most effective way with our players and with the wider public, and will keep the recommendation to include greater levels of information about contributions to Good Causes at point of sale under consideration.

We would be very happy to report back to the Committee to update on progress, with particular focus on the impact of our various initiatives on participation and returns to Good Causes, and to evaluate the work to date. If this would be of interest we would be happy to arrange a meeting at a convenient time for the Committee to provide an update.
Conclusion 7: We are not convinced that Camelot is doing all it can to support education and research for gambling awareness. Camelot believes that the majority of Lottery players do not see themselves as gamblers. Nevertheless, Lottery products, which offer the chance to win big sums for a relatively small stake, are easily accessible to 16 and 17 year olds, and there is a risk that they could be the start of gambling problems. Given the popularity of the Lottery it is also clearly the case that there will be many people with gambling problems who are also Lottery players. Prior to our evidence session Camelot agreed to increase its contribution to GambleAware from £190,000 to £300,000, and claimed that GambleAware were “broadly” content with that amount. However, GambleAware, which aims to prevent people from getting into problem gambling, and to support those who do, has stated that the amount falls well short of expectations that had been made clear to Camelot.

Recommendation: Camelot should review its level of contribution to deal with problem gambling and explain to us within six months why this is a fair contribution to GambleAware for such a widely-played gambling product.

Introduction

As a responsible business, we have a duty to do everything that we can to prevent problem play, whether that is excessive or underage play, and to promote safe play. Player protection is a key priority for us, and we spent over £1 million in 2017/18 on player protection measures with plans to increase this in 2018/19. The National Lottery’s scale means that we must continue to do everything we can to reduce consumer harm where possible, even though the inherent risk of problem play associated with National Lottery products is very low. Our strategy has always been about encouraging lots of people to play, but to individually spend only relatively small amounts. Our strategy works – we are ranked 65th in the world in terms of per capita spend, despite being the sixth largest lottery in the world by sales. We therefore thought it would be helpful to set out in more detail our approach to player protection as our contribution to GambleAware is only one element of our overall strategy.

We undertake a wide range of work aimed at reducing excessive play, preventing underage play and promoting safe play but we know that we must continue to improve our approach, fine tune what we currently do, and search for new and innovative ways to protect vulnerable players. To this end, we are in the process of looking in greater detail at how we can further strengthen our work in this area to ensure that our approach is industry-leading. We are engaging with a range of stakeholders, including GambleAware, academics and GamCare – the UK’s national centre for information, advice and practical help regarding the social impact of gambling – and our updated strategy will be finalised by November. All of this will build on our existing player protection, responsible play and corporate social responsibility commitments as described below.

Reducing excessive play in retail

In partnership with RG+, a research and development division of the Responsible Gambling Council, we ran a pilot programme to help us better understand what problem play specific to The National Lottery looks like in retail and identify what additional support our retail partners may need. The research found that warning signs could include a customer scratching in store or purchasing Scratchcards several times a day and using any winnings to buy more.

We then developed guidelines for retailers to follow in the event that they noticed signs of potential excessive play, or if somebody admitted to having a problem, or if a friend or relative of a player approached them. In addition, we produced a leaflet – which included information about the chances...
of winning, common myths about National Lottery play and tips for keeping play fun – for retailers to give out if needed. We also delivered face-to-face training to retailers and asked them to complete a log to record their experiences.

At the end of the pilot, we found that retailers felt more prepared to respond in situations where they believed that excessive play might be occurring – with 90% of those who witnessed it stating that the guidelines and/or leaflet were useful in helping them to respond.

In the coming year, we will work with GamCare to carry out further research into the effectiveness of direct retailer interventions. Building on the learnings from the pilot, we will also update the information and guidance we give to retailers about excessive play to reinforce its importance, and will provide training to them in this area.

Part of our review includes looking at how we will use our presence in around 45,000 retailers to tackle excessive play by developing new responsible play messaging for retail and on the national-lottery.co.uk website. We currently signpost The National Gambling Helpline run by GamCare on the back of all National Lottery tickets and Scratchcards and the National Lottery website gives more information on where to go for advice and support. Player protection tools are signposted at registration and at various stages during the customer journey.

**Reducing excessive play online**

Our ambition is to understand what excessive play looks like online, and provide the best tools and interventions to support customers to either better manage their play or stop playing altogether.

Over the last year, our data scientists have worked to build our own in-house behavioural analytics model, Mercury, to enable us to identify patterns of behaviour that may amount to excessive play. We can then actively encourage the players concerned to use the online tools available to them – such as spend limits and self-exclusion – to help manage their play. Bringing the model in-house gives us more flexibility to analyse the data, and allows us to continuously look at ways to improve the model and bring in new features.

Using exclusion as a proxy for harm, more than 10 markers are used to spot potential problem play – for example, customers reaching their play or spend limits, and bank cards being declined. Mercury scores players on a daily basis, and categorises those identified as potentially playing excessively as amber or red.

Intervention emails are sent to amber and red players to promote a positive change in behaviour, and to encourage them to take advantage of the online player protection tools available to them. We also make sure that any players categorised as amber or red do not receive any National Lottery marketing communications. In addition, we are currently looking at how we can share data and insight from our in-house behavioural analytics model and enhanced interventions with other operators to further collective understanding in this important area.

To make sure that our players have all of the tools necessary to help them stay in control of their online playing habits, we have introduced a number of further tools. These tools range from setting spend and play limits to exclusion from individual online Instant Win Games. And, to make sure that our players have all of the tools necessary to help them stay in control of their online playing habits, we introduced a number of further tools this year:
• **Session Time Reminder:** Players can now set a pop-up to remind them of how long they've been playing. The reminder can be set for 20 minutes, 40 minutes, 1 hour, 1 hour 20 minutes, 1 hour 40 minutes or a default of 2 hours.

• **Take a Break and Automated Exclusions:** Players are able to take a ‘short break’, from one day up to a maximum of 90 days; take a ‘long break’ for six months; or permanently self-exclude.

We have also worked closely with Featurespace, one of the world’s leading providers of behavioural analytics technology, to analyse our online players’ behaviour and to test different types of email intervention to encourage positive changes in behaviour. We found that the most effective emails led to 12% fewer players going on to play in the next week compared with those who hadn’t received one. Players were more likely to go on and set spend and play limits after receiving an intervention email, while their risk score was also more likely to improve, and therefore excessive play reduced.

**Looking Forward**

• We know that our interventions are helping to encourage players to better manage their play. However, we want to do even better, so we will be commissioning a piece of work to review the content of our interventions and explore how we could be having an even more effective impact with problem players.

• At the moment we use one channel – emails – for interventions, but we want to test the effectiveness of using different and multiple channels to bring about positive changes in behaviour. We will therefore be taking advantage of the technology available to us and using interstitials to intervene with players.

• We currently track a player’s behaviour the week after they have received an intervention but, in the coming year, we will be looking at the longer term impact of interventions and the extent to which they are able to change a player’s behaviour over time.

**Preventing underage play in retail**

As our retail partners are independent of Camelot, we work hard to ensure that they share our commitment to player protection, and are aware of and know how best to apply the measures that we have put in place. One way we do this is through our mystery shopper programme, which was developed by Camelot in 1999 and subsequently adopted by the National Lottery regulator as a Licence condition. Our mystery shoppers are young people who are aged 16 or over but who look younger, and the programme enables us to test retailer awareness of, and compliance with, the safeguards that exist when selling National Lottery tickets to young people. To support this year’s programme, we developed and updated a range of materials to reinforce retailer awareness of their responsibilities.

As a result, of the 11,623 mystery shopping visits we conducted in 2017, 91% of retailers correctly asked for ID as proof of age on the first visit – a 2% improvement on last year’s figure and a 5% increase on 2015’s results. We plan to further strengthen the programme in 2018/19 by running an awareness programme for retailers throughout the year and by developing online resources to enable us to train them remotely.

**Preventing underage play online**

As part of our commitment to preventing underage play across our online channels, all players must go through a rigorous registration process and pass an Experian check if they want to set up an online National Lottery account. This enables us to check that players are who they say they are, and also verifies their age. If somebody fails the Experian check but still wants to open an online account with us, they are required to post certain evidence to us. We would then review the evidence to see if it satisfies the necessary requirements. If it does, we would remove the block on the proposed account.
Designing responsible games

We aim to minimise any risk of harm that National Lottery games might cause to players, no matter how small that risk might be. We do this using our ‘Responsible Game Design Process’, which all of our games go through. As part of this process, all games go through Gamgard, an online tool that assesses a game’s structural risk levels, including jackpot sizes and speed of play.

In 2017, we worked with leading responsible gambling experts Dr Richard Wood and Dr Jonathan Parke to review our game design process and to look at best practice across the global lottery industry. As a result, we have strengthened what we do by establishing a Responsible Game Design Governance Group, which comprises representatives from across Camelot and oversees the game design process in its entirety. We will further strengthen the game design process in the coming year with additional training for all relevant teams led by an academic expert on responsible gambling.

At the beginning of 2018 we introduced a Risk Checklist for all games – a mechanism to log decisions and learn from previous decisions, and a prompt to consider different risks such as underage appeal. This helps us to ensure that our games do not overly appeal to vulnerable groups and remain fun to play. If we do identify a potential risk, we will either revise the game and/or our proposed marketing. If the risk is considered too high, we will not launch the game at all. We also review games post-launch to ensure their ongoing suitability.

Looking Forward

- We will further strengthen the game design process in the coming year with additional training for all relevant teams led by a responsible gambling academic. The training will look at responsible game design and cover topics such as social responsibility in gambling-related harm, structural characteristics in gambling, and different types of responsible gambling tools.
- Relevant teams will also complete the Committees of Advertising Practice (CAP) e-learning module on gambling advertising, which covers social, cultural and religious responsibilities, as well as actual rulings to illustrate the application of gambling rules under Section 16 of the CAP Code.
- We will produce an internal mid-year report on our Responsible Game Design Process to sense check progress to date and to highlight any areas for improvement. The report will look at key decisions made so far, the lessons learned from training, areas of focus such as underage appeal and Christmas, and feedback from the Responsible Game Design Governance Group.

Research and certification

Research is important in guiding our approach to player protection, and helps to ensure that our strategy and programmes are grounded in fact and evidence. Certification helps us to identify any gaps in our approach and to validate areas of best practice.

We support a wide range of independent research, studies, conferences and organisations that help to improve our understanding of and approach to problem gambling. As previously mentioned, in 2017 we worked with RG+ to help us better understand what problem play specific to The National Lottery looks like in retail, and with leading responsible gambling academics to review our game design process and learn from global best practice in this area.

We were one of the first organisations in the UK to achieve accreditation from GamCare and have attained it every year since 2003. We have received World Lottery Association and European Gaming Standards Certification at Level 4 in recognition of our responsible play work, and have also received the Business in the Community CommunityMark – the UK’s only national standard that publicly recognises leadership and excellence in community investment.
In addition, we are one of only seven lotteries worldwide to have received a La Fleur’s Sustainability Award for having achieved outstanding results in the areas of responsible gaming, corporate social responsibility or environmental initiatives. The awards highlight ‘best practice’ that could be replicated by other lottery operators around the world.

**Staff training**

All of our employees are fully trained to understand our commitments to player protection and we support them in their day-to-day work, with extra training for those in direct contact with consumers and retailers. Our Contact Centre staff are trained on how to spot signs of excessive play and what they should do as a result, and also receive monthly player protection knowledge tests. We also raise awareness of the importance of player protection on a regular basis through our internal communications channels.

**16 and 17 year olds**

With regards to the availability of National Lottery products to 16 and 17 year olds, the Committee will be aware that in June, the DCMS announced that they will “be looking at the issue of 16 year olds playing National Lottery products as part of the next license competition for The National Lottery” and will “aim to gather evidence on this issue to gain sufficient time to consider it fully prior to the next licence decision”. We think that the review is appropriate and look forward to actively participating.

**GambleAware Contribution**

We also fully support the work of GambleAware and, as the Committee may know, we have contributed to it and its predecessors on a voluntary basis since their inception. As we have highlighted, we are also working across a number of areas to ensure that we are doing everything we can to prevent problem play and it is in this context that our financial contribution to GambleAware should be seen.

The Committee recommended that Camelot should review its level of contribution to deal with problem gambling and explain, given the National Lottery’s scale and reach, whether this is a fair contribution. As discussed at the Public Accounts Committee Inquiry, we reviewed our annual contribution to GambleAware last year and increased it by more than 50%.

However, this is not the end of our review. As mentioned in the introduction to this section, we are also in the process of a much more far-reaching assessment of our player protection strategy. This includes looking at increasing our contribution in this area, and we are in ongoing discussions with GambleAware and GamCare to ensure that our contribution is both appropriate for The National Lottery and fair given its scale. This scale means that we must continue to do everything we can to reduce consumer harm where possible, even though the inherent risk of problem play associated with National Lottery products is very low.

We anticipate our review being completed by November and we will update the Committee with our conclusions, including our level of contribution to research, education and treatment, at that time.