

Review of the Gambling Act 2005 Terms of Reference and Call for Evidence

Response from Chartered Institute of Fundraising

EXECUTIVE SUMMARY

Our key messages in this submission are:

- When considering regulatory reforms, there needs to be an acknowledgement and recognition of the differences between high-risk forms of commercial gambling – such as machine games or sports betting - and society lotteries.
- While raising the age restrictions for society lotteries to 18 does mean that charities will be more limited in their fundraising, the feedback and evidence from our members indicates that this would result in a relatively small decline in income, and that the benefits to charities in playing their part to reduce harm from gambling and for reputation of the sector outweigh any loss to income.
- Society lotteries are a significant and growing income source for charities. Lotteries are not just about 'quick wins', they can often lead to other forms of donation and support and are an important part of the fundraising mix for charities.
- Charity fundraising, including selling of society lottery tickets, already is bound by a Code of Fundraising Practice set by the Fundraising Regulator that sets standards above legal or statutory requirements. Therefore, any consideration of additional restrictions to tackle high risk gambling activities, need to be mindful of the standards already set for charity fundraising and not place any unnecessary burdens or restrictions.

ABOUT US

The Chartered Institute of Fundraising is the professional membership body for UK fundraising. Our mission is to support fundraisers through leadership, representation and education, and we champion and promote fundraising as a career choice. We have 550 Organisational members and over 5,000 Individual members.

WHY WE ARE RESPONDING

The Chartered Institute welcomes the opportunity to contribute to this review.

As the professional membership body, we are responding to this call for evidence to represent the views of our members as well as the wider fundraising sector. We want to see a safe and proportionate approach to Gambling legislation and regulation which enable and support society lotteries to continue to be successful and promoted responsibly. We support the government's decision to review the Gambling Act, considering the changes to the gambling industry over the last 15 years.

The main theme of our response is that future recommendations and change recognise the differences between fundraising for good causes and commercial gambling, particularly in relation to the lower levels of risk associated with society lotteries, and the existence of the Code of Fundraising Practice which sets higher standards for fundraising that goes beyond legal and statutory requirements. That does not mean we automatically resist change and development – indeed, on balance we support the raising of minimum ages to 18 – but that further changes on restricting advertisements or operational issues for lotteries across the board should be done with proper thought to society lotteries and the existing of a complementary form of regulation for fundraising.

According to the Gambling Commission, £345 million was contributed to good causes from large society lotteries alone in 2019¹. These funds make a vital difference to communities and good causes across the UK and the world. They might fund lifesaving treatments, ensure critical services continue to run or protect the natural environment that we all benefit from. We would like to see the government continue to recognise how important society lotteries are for charities and the causes they serve. This includes a recognition of the importance of advertising to both income generation and being able to publicise good causes and engage new supporters.

In 2018, we made the case for the annual ticket sales limit for large society lotteries to increase to £100 million. Whilst the increase from £10 million to £50 million was significant, we would like the government to go further and raise the limit to £100 million in future reviews.. Although this goes beyond the scope of this call for evidence, we hope the government will look reconsider the case for raising the limits to enable growth and more money to be returned to good causes.

It is crucial that the government continue to support the lotteries sector so that charities are able to raise the funds they need to make a real difference to their beneficiaries.

Key areas and questions of the call for the evidence

¹ Latest Gambling Commission industry statistics published, *Gambling Commission*, <https://www.gamblingcommission.gov.uk/news-action-and-statistics/news/2020/Latest-gambling-industry-statistics-published.aspx>

Age limits and verification- society lotteries

As the UK's professional membership body for charitable fundraising, our focus in this part of the review is on society lotteries.

Society lotteries are a vital component of many charities' fundraising strategies. As the government notes, the size of the society lottery sector has grown substantially over the last decade with sales reaching approximately £830 million in 2019/2020². At a time when many charities across the UK are facing significant funding gaps as a result of the impact of the COVID-19 pandemic and the associated postponement of their face-to-face fundraising activities, it is critical that the government recognises the importance of society lotteries to fundraising and most significantly of all, to the good causes that they enable.

Q31: What, if any, evidence is there on the number of 16- and 17-year-olds participating in society lotteries?

- The available research suggests that 16 and 17-year-olds only account for a very small minority of the overall people who take part in society lotteries. According to NatCen Social Research, just 6% of 16–24-year-olds participated in lotteries (excluding the National Lottery) in the previous 12 months³. To put this in context, 23% of the same age group said they had participated in the National Lottery over the same period.
- In addition to the quantitative evidence presented, we have also heard from multiple charities that they already set minimum age limits for participation in their society lotteries at 18. We believe that is a relatively common practice across the charitable sector.
- We would also like to make the government aware that the fundraising rules in the Code of Fundraising Practice already restrict the ways in which under 18s can participate in gambling activities. There is a standard in the Code that says charities must take reasonable steps to avoid asking for regular donations from individuals under the age of 18. Charities which fail to comply with this rule face the possibility of investigations from the Fundraising Regulator. Whilst the rules do not prohibit those under the age of 18 from participating in lotteries, it does deter charities from specifically targeting younger people to participate in regular lottery programmes.

² 'Review of the Gambling Act 2005 Terms of Reference and Call for Evidence', Department for Digital, Culture, Media and Sport.

www.gov.uk/government/publications/review-of-the-gambling-act-2005-terms-of-reference-and-call-for-evidence/review-of-the-gambling-act-2005-terms-of-reference-and-call-for-evidence

³ Heather Wardle et al, Gambling behaviour in Great Britain in 2016, Evidence from England, Scotland and Wales, NatCen Social Research

[Gambling-behaviour-in-Great-Britain-2016.pdf](#)

Q33: Is there comparative evidence to support society lotteries and the National Lottery having different minimum ages to play?

We do not believe that there is compelling evidence to suggest that society lotteries and the National Lottery should have different minimum ages for participation. We would support a decision to raise the minimum age to 18 for society lotteries, although the risks of harm from society lotteries are low. While raising the age restrictions for society lotteries to 18 does of course mean that charities will be more limited in their fundraising, the feedback and evidence from our members indicates that this would result in a relatively small decline in income, and that the benefits to charities in playing their part to reduce harm from gambling and for reputation of the sector outweigh any loss to income.

While we do support the raise in restrictions, we think it important to note that this is a position of principle more than on the basis of having seen compelling evidence that society lotteries are causing significant harm in the form of problem gambling for people under 18. This is because:

- We believe that the number of individuals under the age of 18 taking part in society lotteries is small based upon the research available and conversations with members.
- The risk of harm to individuals participating in society lotteries is widely understood to be low, particularly when compared with other forms of gambling which involve higher risk such as sports bets and machine gambling⁴. Lotteries have been found to have some of the lowest problem gambling rates of any gambling activity in several reports. In 2015, the National Lottery draws, other lotteries and scratchcards had the lowest proportion of problem gamblers of any gambling activity with a rate between 1% and 1.8%⁵.

Q36: What, if any, is the evidence that extra protections are needed for the youngest adults (for instance those aged between 18 and 25)?

After speaking with members and after considering evidence, we do not think there is an obvious case for extra age-related protections, although we would consider the merits of any proposal and we would support further changes if overwhelming evidence were presented.

When considering this question, we would like to see the government recognise the differences between high-risk commercial gambling activities and charity lotteries. As we have argued already in this response, society lotteries have been cited as being

⁴ Heather Wardle et al, Gambling behaviour in Great Britain in 2016, Evidence from England, Scotland and Wales, NatCen.

<https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-behaviour-in-Great-Britain-2016.pdf>

⁵ Heather Wardle et al, Gambling behaviour in Great Britain in 2016, Evidence from England, Scotland and Wales, NatCen.

<https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-behaviour-in-Great-Britain-2016.pdf>

significantly lower risk than many types of commercial gambling. Whilst we don't have strong objections to additional age-related protections in principle, we believe that protections should be proportionate to the degree of risk in a given gambling activity.

- It is important to recognise that society lotteries can only be run for good causes and not for private profit. There are already robust limits in place for both small and large-scale lotteries and the sector is well regulated with large-scale lotteries requiring a licence from the Gambling Commission⁶.
- Additionally, any charity which engages in fundraising activities is expected to follow the rules in the Code of Fundraising Practice, which sets out the standards for good fundraising practice in the UK.
- In addition to fundraising rules, the Advertising Standards Authority (ASA) operates two codes and can undertake enforcement action against organisations which breach their advertising standards. There are already regulations in place that restrict how charities and fundraising teams can advertise lotteries to young people and other vulnerable individuals in the CAP and BCAP codes^{7 8}. As the government recognises in the call for evidence paper, the Gambling Commission includes adherence to these codes as a condition of their licences and they already have the power to take enforcement action against breaches of these conditions⁹.

Advertising, sponsorship and gambling

Advertising is vital for fundraising. Without advertising and marketing, charities would not be able to reach new supporters and raise the funds they need to fulfil their missions and deliver services for public benefit.

Q11: What are the benefits or harms caused by allowing licensed gambling operators to advertise?

We make the case that there are substantial benefits to allowing licenced operators to advertise for charitable causes and that it is critical that any regulations brought in to deal with high-risk gambling products do not inadvertently impact charity lotteries.

⁶ 'Society lotteries'. *Gambling Commission*.

<https://www.gamblingcommission.gov.uk/for-gambling-businesses/Compliance/Sector-specific-compliance/Lotteries/Society-lotteries.aspx>

⁷ 'Lotteries', BCAP Code. *Advertising Standards Authority*.

https://www.asa.org.uk/type/broadcast/code_section/18.html

⁸ 'Lotteries', CAP Code. *Advertising Standards Authority*.

https://www.asa.org.uk/type/non_broadcast/code_section/17.html

⁹ 'License conditions and codes of practice'. *Gambling Commission*.

<https://www.gamblingcommission.gov.uk/PDF/LCCP/Licence-conditions-and-codes-of-practice.pdf>

Whilst we accept that all forms of gambling can promote harm, there is little evidence that society lotteries are the cause of these harms.

This is explained by the low prevalence of individuals with gambling problems playing lotteries, the motivations given for participation and the nature of the games themselves¹⁰. Therefore, we argue that a clear distinction needs to be made between charity lotteries and other forms of gambling when considering regulatory changes and further restrictions on advertising.

Benefits

- Since the Gambling Act came into effect in 2005, the society lottery sector has seen year on year growth, which has made an enormous difference to good causes¹¹. This has occurred concurrently with the increase in online advertising spend. This has not just been about 'quick wins', charities have used engagement through their lotteries to develop relationships with supporters and establish long term support for their cause. Research has shown that lotteries can be one of the best products available for donor retention and long-term support. According to QBase, lotteries were the second-best product for securing a second donation from a supporter¹².
- Moreover, we have heard from some of our members that their face-to-face fundraising activity has shifted in recent years from direct debits to society lottery sales. At a time when charities are facing enormous challenges to their income generation, it is critical that the importance of fundraising and the necessity of advertising to generate funds is recognised.
- Furthermore, surveys suggest that participating in a lottery is one of the most common ways that the public give money to charities in the UK¹³. According to Charities Aid Foundation (CAF) UK giving surveys between 2014-2019, giving via a lottery has been one of the top three most common types of

¹⁰ Joe Saxton and Sarah Eberhardt, Responsible Play: Charity lotteries and gambling-related harms. *NFP Synergy*.

[Responsible Play Charity Lotteries and gambling-related harms February 2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720930/society_lotteries_consultation_june_2018_pdf.pdf)
(lotteriescouncil.org.uk)

¹¹ Consultation on society lottery reform, Department for Digital, Culture, Media and Sport.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720930/society_lotteries_consultation_june_2018_pdf.pdf

¹² 'Regular givers on the rise but recruitment via direct mail declining, report shows', QBase Context Report.
[Regular givers on the rise but recruitment via direct mail declining, report shows | UK Fundraising](#)

¹³ CAF UK Giving 2019: An overview of charitable giving in the UK. *Charities Aid Foundation*.
https://www.cafonline.org/docs/default-source/about-us-publications/caf-uk-giving-2019-report-an-overview-of-charitable-giving-in-the-uk.pdf?sfvrsn=c4a29a40_4

giving^{14 15 16 17 18}. With lotteries being a significant source of income for charities, it is important that lotteries are not inadvertently affected by any regulations which prevent them from being able to advertise to reach supporters.

- There is also clear evidence that lotteries return large amounts of funds raised to good causes. The Gambling Commission's 2020 industry statistics showed that the contributions to good causes ratio for large society and local authorities was 44.2%¹⁹. Lotteries saw a Gross Gambling Yield (GGY) increase up to £611.6 million 'with a balance to good causes at £366.8 million', which represented almost an 11% increase from the previous reporting period²⁰.
- Some charities use External Lottery Managers (ELMs) to help run their lotteries. Whilst the Gambling Commission has previously cited evidence that the percentage returned to good causes from lotteries ran by ELM's is often lower than in lotteries ran directly by charities, they have also acknowledged that the amounts returned are often much higher²¹.
- As the Gambling Commission stated in 2018, '*the involvement of ELMs benefits charities and other societies by enabling them to outsource the administration of their lottery to professional lottery operators who can use their knowledge and expertise to maximise proceeds and as a result increase the return from the lottery to the good causes those societies exist to support*'.²²

Low risk of harms

¹⁴ UK Giving 2014. *Charities Aid Foundation*
[caf-ukgiving2014.pdf \(cafonline.org\)](#)

¹⁵ UK Giving 2015. *Charities Aid Foundation*
[caf_ukgiving2015_1891a_web_230516.pdf \(cafonline.org\)](#)

¹⁶ UK Giving 2017. *Charities Aid Foundation*
[caf-uk-giving-web.pdf \(cafonline.org\)](#)

¹⁷ CAF UK Giving 2018. *Charities Aid Foundation*
[caf-uk-giving-2018-report.pdf \(cafonline.org\)](#)

¹⁸

¹⁹ Gambling Commission Industry Statistics 2020, *Gambling Commission*
[Industry Stats November 2020 Static .pdf \(ctfassets.net\)](#)

²⁰ Gambling Commission Industry Statistics 2020, *Gambling Commission*
[Industry Stats November 2020 Static .pdf \(ctfassets.net\)](#)

²¹ 'Advice provided to DCMS on society lotteries'. *Gambling Commission*.
<https://committees.parliament.uk/writtenevidence/101/pdf/>

²² 'Advice provided to DCMS on society lotteries', *Gambling Commission*.
<https://committees.parliament.uk/writtenevidence/101/pdf/>

- Problem gambling rates within the UK population have remained largely consistent over a period where online marketing spend has increased dramatically²³. According to a survey from the Gambling Commission, the percentage of adult UK population who could be categorised as ‘problem gamblers’ was about 0.5% in 2019, which is a similar level to when the Gambling Act was introduced, and it has not changed significantly since the advertising framework was liberalised in 2007²⁴. Similarly, the proportion of adults in the UK defined as ‘low risk’ or ‘moderate risk’ gamblers has not changed significantly over this period²⁵.
- We highlight research that shows that lotteries have the lowest problem gambling rates of any gambling activity²⁶. According to NatCen’s research, lotteries and related products which includes National Lottery draws, scratchcards and other lotteries, were found to have the lowest proportion of problem gamblers of any gambling activity²⁷. For low and medium risk gambling, the lowest prevalence rates were also found among lotteries²⁸. Whilst we do not want to downplay the significance of any instances of problem gambling, there does not appear to be a compelling case to suggest that lotteries do not attract individuals who may have gambling addictions to the same degree as other forms of gambling. Whilst further evidence is needed to explain why this is the case, it is plausible that the type of gambling involved is less attractive to individuals at risk of developing, or currently suffering from a gambling problem.
- Organisations which advertise lotteries are already subject to strict restrictions and regulations. The ASA is responsible for two codes of practice which have rules in place covering lottery advertisements. Both the BCAP and CAP codes limit the types of communications that can be sent to consumers and

²³ CAP and BCAP Consultation- Responding to the findings of the GambleAware Final Synthesis Report’, Advertising Standards Authority.
<https://www.asa.org.uk/uploads/assets/72a4e889-1657-43e9-bf6ac0157fa2f72c/Age-restricted-ads-online-2021-guidance.pdf>

²⁴ Gambling Participation in 2019: Behaviour, awareness and attitudes. *Gambling Commission*
<https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf>

²⁵ CAP and BCAP Consultation- Responding to the findings of the GambleAware Final Synthesis Report’, Advertising Standards Authority.
<https://www.asa.org.uk/uploads/assets/72a4e889-1657-43e9-bf6ac0157fa2f72c/Age-restricted-ads-online-2021-guidance.pdf>

²⁶ Heather Wardle et al, Gambling behaviour in Great Britain in 2016, Evidence from England, Scotland and Wales, *NatCen*

²⁷ Heather Wardle et al, Gambling behaviour in Great Britain in 2016, Evidence from England, Scotland and Wales, *NatCen*

²⁸ Heather Wardle et al, Gambling behaviour in Great Britain in 2016, Evidence from England, Scotland and Wales, *NatCen*

supporters. There are clear rules that prevent charities and other organisations from sending communications which are likely to encourage gambling behaviour that is socially irresponsible and there are specific rules which focus on protecting both young and other vulnerable people^{29 30}. These standards are also referenced in the Code of Fundraising Practice, set by the Fundraising Regulator. Following the publication of a report by GambleAware, the ASA is reviewing their codes with a [review](#) to tighten their rules and associated guidance further³¹. This includes prohibiting adverts which significantly appeal to under 18s and ensuring that adverts do not overrepresent a player's chance of winning³². To our best knowledge, existing advertising regulations are rigorous and responsive to change.

- There is already an effective system of regulation for charity fundraising in the UK. There are specific rules for fundraising communications and advertising which complement and go further than the ASA codes. Fundraising organisations must be able to demonstrate that they have taken all reasonable steps to ensure that their communications are suitable for the audiences they engage with³³. Charities are also responsible for ensuring that they do not mislead or take advantage of donors, as well as demonstrating that their fundraising is legal, honest, open and respectful³⁴. In addition to following the code, the Chartered Institute of Fundraising provide guidance and support to the sector. This includes [guidance to help fundraisers treat donors fairly](#), including recognising and responding appropriately to signs of vulnerability.
- We also believe that charity lottery games are less likely to appeal to gamblers at risk of harms due to the limits they have in place and the way that the games are run. Most charity lotteries do not involve instant wins and do not encourage rapid play which has been associated with problem gambling. Of the £683 million charity lottery tickets sales in 2017/18, just £8 million came

²⁹ 'Lotteries', BCAP Code. *Advertising Standards Authority*.

https://www.asa.org.uk/type/broadcast/code_section/18.html

³⁰ 'Lotteries', CAP Code. *Advertising Standards Authority*.

https://www.asa.org.uk/type/non_broadcast/code_section/17.html

³¹ 'Consultation on new strengthened rules and guidance for gambling ads to protect children and young people', *Advertising Standards Authority*.

<https://www.asa.org.uk/news/consultation-on-new-strengthened-rules-and-guidance-for-gambling-ads-to-protect-children-and-young-people.html>

³² CAP and BCAP Consultation- Responding to the findings of the GambleAware Final Synthesis Report', *Advertising Standards Authority*.

<https://www.asa.org.uk/uploads/assets/72a4e889-1657-43e9-bf6ac0157fa2f72c/Age-restricted-ads-online-2021-guidance.pdf>

³³ 'Code of Fundraising Practice', *Fundraising Regulator*.

<https://www.fundraisingregulator.org.uk/code/specific-fundraising-methods/fundraising-communications-and-advertisements>

³⁴ 'Code of Fundraising Practice', *Fundraising Regulator*.

<https://www.fundraisingregulator.org.uk/code/all-fundraising/behaviour-when-fundraising#informing-donors-and-treating-people-fairly>

from instant win products³⁵. Whilst more research is needed to investigate the link between gambling harms and advertising, there is research which suggests that the type of gambling is more influential on rates of problem gambling than the volume of adverts being seen by audiences³⁶. One study cited in Per Binde's literature review looked at the regulation of gambling in Sweden, where lotteries are heavily promoted and higher risk activities like electronic gaming machines are not promoted frequently at all. Lotteries were found to have a low prevalence of problem gambling whilst high risk activities had high rates of problem gambling, despite the discrepancy in the levels of advertisements being in favour of lotteries³⁷.

- We also suggest that the government looks at the differences between charity lotteries and other forms of gambling because of the different motivations that players have for participating. According to the Gambling Commission, 55% of charity lottery players said they played to help good causes, with only 15% saying that they played to win³⁸. This distinguishes the charity lottery sector from every other type of gambling, including the National Lottery. Just 15% of National Lottery players said they were participating to support good causes and only 5% of scratch card players cited this reason for taking part³⁹. These motivations should be taken into consideration as the focus of lottery adverts generally play on different psychological impulses to other forms of gambling e.g., sports betting.
- This is supported by evidence presented to us by two of our members who conducted internal surveys. One member found that 65% of their supporters who responded, said they played their lottery because it was another way of donating, whilst still having a chance to win a prize. Another member highlighted to us that their supporters had provided feedback on why they believed there were stark differences between lotteries and other forms of

³⁵ Joe Saxton and Sarah Eberhardt, Responsible Play: Charity lotteries and gambling-related harms. *NFP Synergy*.

[Responsible Play Charity Lotteries and gambling-related harms February 2021.pdf](https://www.lotteriescouncil.org.uk/Responsible_Play_Charity_Lotteries_and_gambling-related_harms_February_2021.pdf)
([lotteriescouncil.org.uk](https://www.lotteriescouncil.org.uk))

³⁶ Per Binde, 'Gambling advertising: A critical research review', University of Gothenberg and the Responsible Gambling Trust.

https://www.begambleaware.org/media/1165/binde_rgt_report_gambling_advertising_2014_final_color_115_p.pdf

³⁷ Per Binde, 'Gambling advertising: A critical research review', University of Gothenberg and the Responsible Gambling Trust.

https://www.begambleaware.org/media/1165/binde_rgt_report_gambling_advertising_2014_final_color_115_p.pdf

³⁸ Gambling Participation in 2018: Behaviour, awareness and attitudes. *Gambling Commission*

<https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf>

³⁹ Gambling Participation in 2018: Behaviour, awareness and attitudes. *Gambling Commission*

<https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf>

gambling. Key reasons given included were that lotteries were less frequent and addictive and that the money was going to a good cause.