

LGA Response to DCMS Consultation on Society Lottery Reform

September 2018



Submission

Key messages

- Proposals to increase the threshold for defining small society lotteries would mean local authorities having to regulate a larger number of operators. We are concerned that this would place greater demands on already limited capacity and authorities are likely to struggle to pro-actively regulate an increased market.
- Should Government decide to increase the threshold despite these concerns, the LGAs view is that any increase in the number of lotteries to be regulated by licensing authorities should be accompanied by an increase in the level of fees that small society lotteries are required to pay, to ensure that authorities are able to resource this.

Detailed response

- Licensing authorities are responsible for registering and overseeing small society lotteries; the Gambling Commission licences large society lotteries. If existing sales limits for small society lotteries were to be raised, the number of lotteries regulated by local authorities rather than the Gambling Commission would increase.
- Both the Gambling Commission and local authorities themselves have expressed concerns about the capacity of local authorities to actively regulate an increased market and to investigate issues or take action where required. Where monitoring does currently happen it is relatively limited, as intended by the current framework.
- Councils' regulation of small society lotteries is intentionally light touch. Once operators have registered with a local authority, the council's role is to monitor the annual returns that lotteries submit to ensure that the percentage returned to good causes, and the size of draws held, are in line with requirements. Large society lotteries which are licensed by the Gambling Commission require a much greater level of scrutiny.
- The number of societies which could potentially fall out of licensed regulation and instead be regulated by local authorities is between 164 and 224, or 38% - 52%¹ of all operators, dependent on the level of changes made. There is a risk that a much lower level of regulatory scrutiny may apply to the proportion

¹ Figures based on 2015-16 lottery reports

of the market that would fall to be regulated by LAs, should changes be made. While the policy intention may be for there to be lighter touch regulation, we are concerned that there may be very little regulatory scrutiny for a substantial section of the market.

- This is because whilst authorities receive a fee to register and monitor lottery operations, these fee levels are extremely low and do not adequately resource proactive regulation. Fees, which are set centrally, have not changed since 2007 when the Gambling Act came into force, and the LGAs view is that existing fee levels are inadequate.
- Councils receive a one off registration fee of £40 as well as an annual fee of £20 for ongoing monitoring. The £20 fee goes some way to recouping the administrative cost of the service, but does not cover any additional compliance work. The Gambling Commission's fees for licensing large society lotteries are much higher than local authority's fees and are linked to the size of the lottery.
- We believe that, a decade after the Gambling Act came into force, it would be appropriate for the level of fees to be reviewed and increased. Should the number of small lotteries registered by local authorities substantially increase, the need to do this will be even greater, so that the ensuing greater demands on local authority services can be adequately resourced.