



Gambling Related Harm APPG

Andrew Rhodes
Interim Chief Executive
Gambling Commission
Victoria Square House
Victoria Square
Birmingham
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18th June 2021

Dear Mr Rhodes,

Lottery License – Gambling Related Harm

As the new Interim Chief Executive of the Gambling Commission, I would be grateful to meet with you at your earliest opportunity to discuss the work of the All-Party Parliamentary Group on Gambling Related Harm, which I Chair, and how we may work constructively together to improve gambling regulation.

In addition, as you may be aware, the APPG has recently approached the Gambling Commission to ask if you would meet with us to discuss the upcoming lottery licence (4NLL). In particular, we are concerned that the correct provisions will be in place to protect lottery players from harm and that gambling harm prevention measures are a key criteria for choosing the next licence holder.

As the Gambling Commission turned down the invitation to meet with Parliamentarians to discuss either the operation of the current contract or the provisions in the next contract, we would be grateful if you could respond to us on the following points:

- Please could you summarise how the information and reporting provisions in the 4NLL differ from those in Section 10 of the [Third National Lottery Licence](#)?
- How has the Commission updated the information and reporting provisions:
 1. To reflect technological advancements in monitoring and reporting, e.g. the availability of real-time reporting data, quantitative identification of harmful behaviour, or to allow quantitative testing of harm reduction strategies
 2. To monitor technological changes that could increase National Lottery revenue but could also increase problem play, e.g. the use of personalised advertising, push notifications on mobile devices, instant play games, or the use of algorithms to target high-revenue or high-risk gamblers
 3. To allow for the development of technological advancements during the course of the licence
 4. In response to other issues or opportunities identified from the current licence.
- Has the definition of 'Licensee Information' in 4NLL (which currently includes software and data kept by the licensee) been updated to include data held by third parties? For example, the current National Lottery website uses third-party tracking scripts to provide analytics and advertising services (see [info](#)): will the Commission have the same access to data held by those third parties as the licensee?



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Technical advancements and monitoring harm

- When it launched the competition for the next licence, the Gambling Commission [stated](#) that “The licensee will be empowered to respond to technological advancements, new opportunities, and changes in consumer preferences... We will have **strong enforcement powers... backed by a comprehensive system of monitoring and reporting**”. Please could you provide details of how this monitoring and reporting system will operate?
- In particular, how will this system monitor the use of technological advancements that increase revenue, but could also increase problem play?

Licence development process

- In November 2018, the Gambling Commission [committed](#) to working "with a wide variety of stakeholders" to develop the 4NLL. Please could you supply a full list of the external organisations and individuals with whom the Gambling Commission has consulted during the development of the 4NLL?

Harm monitoring in the current licence

- Under its powers in section 10.1-10.3 of the current licence, has the Gambling Commission ever had difficulty obtaining any data or information from the current licence holder?
- Under the ‘provision of facilities’ requirements in section 10.9 of the current licence, how many lottery management computers have historically been provided for the Gambling Commission by the licensee, and how often are they used? During the Covid-19 pandemic, how were these provided? Do ‘senior management’ have access to all the software and databases available to the licensee’s technical staff, and if not, will this provision be updated in the 4NLL?
- Section 10.12 details specific areas where the Gambling Commission has the power to require regular data reporting from the licensee. In practice, how frequently does the licensee provide information to the Commission; which of the areas listed in section 10.12 are included; and are there any other areas included?
- Please could you supply details of how the Gambling Commission currently uses the information specified in section 10.12, or other ad hoc reporting information, to monitor and reduce different types of problem play?
- How has the Gambling Commission identified particular deficiencies in the information specified in section 10.12? For example:
 - Section 10.12 does not ask for reporting of online sales broken down by product and player postcode, which would not allow the Gambling Commission to conduct analyses of the patterns of spending and affordability (relative to household income) for particular products
 - Section 10.12 does not ask for reporting of online patterns of play by individual player and product, which does not allow the Gambling Commission to spot potentially problematic play such as ‘chasing losses’.
- Please could you provide a full list of data that the Commission has requested under section 10.12(w) - data on ‘any other matter’ as specified by the Commission? (We are interested in understanding whether the Gambling Commission has used these



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powers to monitor the impact of technological changes during the course of the licence, such as the use of push notifications on mobile devices and their impact on problem play.)

- Has the Gambling Commission set any data-driven performance targets for the current licensee, using its powers under section 10.13, using the data available to it under the current licence? For example, for the current licensee to monitor and reduce patterns of problem play such as 'harm chasing'.
- We understand that the current licensee, Camelot, uses a behavioural analytics model called Mercury V2 to identify 'problem play' in online users (referenced in its 2020 annual report). Can the GC confirm any of the following information:
 - How many National Lottery users did Mercury identify as exhibiting problem play in the past year?
 - What trends has Mercury identified in the rate of 'problem play' over the past year for all online users, and for different age ranges?
 - Has Camelot or the GC analysed the characteristics of users identified by Mercury, in order to inform future harm reduction strategies?
 - When the model identifies 'problem play', Camelot contacts users to suggest they set voluntary playing and spending limits. We would like to understand how effective these measures are in reducing harm. How many users did Camelot write to in the last year; what percentage adopted the measures; did those adopting the measures show a reduction in problem play; what percentage continued with problem play; what percentage were then subject to further interventions?
 - Does the Commission monitor any of these metrics on an ongoing basis?
 - Has the Commission asked Camelot to supply details of the analytics model - e.g. the feature set that the model selects upon to identify 'problem play'? If not, has it considered that some of these features may be protected characteristics, and would it regard this as problematic?
 - What assessment has been made of Camelot's performance in relation to gambling harm prevention under the current licence?
- Can you confirm whether the current licensee makes use of personal data, or algorithms, to target advertising or promotions?
- Can you confirm what proportion of the current licence holder, Camelot's, revenue is made from more addictive scratch cards and instant win games?
- What proportion of the current licence holder, Camelot's, revenue was made from scratch cards and instant win games during the covid pandemic and how have lottery purchasing trends changed over this time?
- How much revenue was made by Camelot from 16 and 17 year olds over the past year?
- What provisions and protections are in place to prevent already registered under 18s from playing the National Lottery online?



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- What analysis is being undertaken of the bidders in relation to the harm prevention measures they are proposing?
- How much did Camelot contribute to GambleAware last year?
- As the operator of the National Lottery, Camelot were required to publish their Annual Report and Accounts by 2020 / 21 by 7th October 2021. Will they bring this date forward so that we can transparently view the impact of the pandemic on the National Lottery prior to the close of the 4th licence competition?
- Since 2018 Camelot has requested a number of additional co-funding marketing initiatives from the GC. Where does this co-funding come from? Does it come out of money ear-marked for good causes?
- Have these marketing initiatives promoted scratch cards and instant win games and will Camelot or the GC publish the return on investment of these initiatives?

As the license process is progressing and we have been in discussions with the Commission for some time about this issue, we would be grateful for a response to these questions by the end of next week, Friday 25 June if possible.

I will also ask my office to follow up to see if an introductory meeting can be arranged.

Yours sincerely,

Carolyn Harris MP

Chair, All Party Parliamentary Group for Gambling Related Harm