

## The context

We recognise that playing our games, as with any gaming, can cause harm to a small number of underage or vulnerable people, their families and communities. Our approach means that we strive to protect people who are vulnerable.

- Problem gambling
- The National Lottery's impact on problem gambling
- Underage players

## Problem gambling

Problem gambling has been defined as "the situation when a person's gambling activity gives rise to harm to the individual player and or his or her family, and may extend into the community" <sup>1</sup>. It can lead to staying away from work to gamble, spending money gambling instead of on necessities, seeing gambling as an escape, or preferring to spend time gambling than with friends and family. Problem gamblers tend to gamble to win money, combat negative feelings, show off skills or for the excitement.

Research has shown that "harder" forms of gambling are more likely to be addictive and harmful than others. "Harder" forms of gambling typically provide the opportunity to "re-stake" (using winnings to bet again), chase losses, good odds and offer high levels of interactivity and quick results found at casino table games, fruit machines and in betting shops.

## The National Lottery's impact on problem gambling

The lottery's draw-based games, in particular, do not share the characteristics of problem gambling.

There is a view that scratchcards are different to lottery draws because people can play repeatedly, they include smaller instant prizes, and players can choose to recycle wins by buying more tickets. But given the relatively low level of prizes and low odds, both draw-based games and scratchcards carry lower risks than harder forms of gambling.

We assess the impact of our products on vulnerable players by monitoring the number of calls to GamCare resulting from playing our games. In 2004 only 3% of calls to GamCare related to our products, compared to 2% in 2003.

## % of first time callers to GamCare

	2004/5	2003/4
Percentage of first time callers to GamCare who disclosed activity and attributed problems to lottery draw-based games	0.85%	0.4%
Percentage of first time callers to GamCare who disclosed activity and attributed problems to scratchcards	2.2%	1.3%

## Underage players

Research suggests the younger that people start gambling, the more likely they are to develop gambling addictions in early adulthood. In much of the UK, most forms of gambling are against the law for people under 18, although there is no minimum age for low-pay slot machines.

The minimum legal age for the football pools is 16 and the same applies to The National Lottery. It is illegal for National Lottery products to be sold by anyone under 16, bought by anyone under 16, or for a prize to be claimed by anyone under 16.

The National Lottery Commission (NLC) must only license games that it regards as having adequate controls to prevent play by under-16s. But the responsibility for preventing underage sales lies with Camelot because we operate the lottery and sell products through retailers who are our agents. So it is up to us to determine how to protect players most effectively, and to set appropriate targets.

Although education on drugs, alcohol and smoking is widely available in schools, education on gambling is much less common. We believe that raising awareness among young people is essential because:

- Problem gambling is much harder to detect than other addictions
- Young people are especially prone to excessive gambling
- Problem gambling can lead to poor school performance, debt and crime
- The number of gambling opportunities available to young people is growing (a recent report by NCH, GamCare and CitizenCard found that only seven out of 37 gambling sites effectively prevented underage play.)
- There is evidence that gambling takes place in schools
- Teachers need to be aware of the risk and signs of excessive gambling.

GamCare's view is:

"Young people need to be empowered to make responsible decisions regarding their current and future gambling participation, and professionals need to develop the awareness and confidence to support young people who have a gambling problem."

## **Foot note**

1 Executive Summary, Dickerson et al 1997, quoted in the Gambling and problem Gambling in Britain. J Orford, K Sproston, Bob Erens, C White, L Mitchell

## Viewpoint Salvation Army

**The Salvation Army is a Christian Church and also the largest and most diverse provider of social welfare in the UK, after the Government.**

It works with some of the most vulnerable people in society and often sees the damage done to individuals and families by problem gambling. It is this practical concern that leads The Salvation Army to campaign to ensure that gambling in the UK is done in the most socially responsible way possible.

While lottery draw games are relatively low-risk, as opposed to some scratchcard games and certainly when compared with betting and casino games, The National Lottery has brought gambling into the living rooms of families across the country. The Salvation Army is therefore concerned that the creation of The National Lottery has had a 'normalising' influence on gambling in the UK, and has a particular concern about its impact on the least well-off. As such, it does not seek funding from National Lottery distributors.

As the operator of The National Lottery, Camelot has a duty to ensure that it acts in a socially responsible way. The Salvation Army is pleased to be part of a group working with Camelot to anchor social responsibility at the heart of the company's operation. Operation Child is a particularly good example of Camelot taking its obligations seriously and trying to ensure that lottery tickets and scratchcards are not sold to children under 16. The age verification system for online play is also one of the best in the sector and provides a template from which others in the industry could learn.

Notwithstanding excellent innovations such as the Game Design Protocol and retailer training, there is a concern that the desire to increase sales to maximise returns to Good Causes will lead to a squeeze on social responsibility. The Salvation Army is pleased that Camelot is committed to working with voluntary sector organisations and academic experts to ensure that this does not happen.

The Salvation Army

## Strategy and consultation

One of Camelot's key objectives is to grow sales in a socially responsible way, which includes ensuring that the lottery remains a mass pursuit.

- Managing the issue
- Consulting

We want as many people as possible to play with small stakes. That is why we have set ourselves a target of staying **outside** the top 10 lotteries ranked by per capita lottery spend.

### Camelot's ranking in the world on 'Per capita sales against total sales'

Target	2004/05	2003/04	2002/03	2001/02
To remain outside the Top 10 worldwide	48 <sup>th</sup>	47 <sup>th</sup>	47 <sup>th</sup>	40 <sup>th</sup>

We also monitor indicators such as total average weekly spend per player on all National Lottery products.

### Total average weekly spend per player on national Lottery products (£)

Target	2004/05	2003/04	2002/03	2001/02
To remain below 3.60	2.83	2.66	2.56	2.64

According to a recent study conducted by the Henley Centre *"Has The National Lottery helped the UK"* (November 2004)



"Camelot has managed to ensure that the lottery remains a mass pursuit. Lottery player demographics are close to those of the population as a whole. Seventy per cent of the population play lottery games; 65 per cent play Lotto. The average spend per player is less than £3 a week. The games themselves have been inclusive."

The table below shows participation and average spend per social group. It shows that there is a relatively similar level of participation across social groups. The weekly spend is slightly higher in the lower social classes, although skilled manual workers tend to spend most.

Participation and average spend per social group			
Social Grade	Percentage of UK population	Percentage who play either Saturday or Wednesday Lotto	Average weekly spend on either Wednesday or Saturday Lotto
<b>A B</b> (occupation: higher/intermediate managerial, administrative or professional)	24.4	21.1	£1.61
<b>C1</b> (occupation: supervisory or clerical, junior managerial, administrative or professional)	28.9	28.8	£2.07
<b>C2</b> (occupation: skilled manual workers)	20.8	23.1	£2.61
<b>D E</b> (occupation: semi and unskilled manual workers, state pensioners or widows (no other earner), casual or lowest grade workers)	25.4	27.0	£2.32

## Managing the issue

We believe that everyone at Camelot has a part to play in designing and marketing our products responsibly, in ways that limit their attraction for vulnerable players.

We have strategies to prevent [underage](#) and/or [excessive play](#), which are reviewed annually. These are managed by our cross-functional Responsible Play Group, which is chaired by our Director of Security and Facilities, and reports to the Corporate Responsibility Board. See [Principles and processes](#).



This year we have spent a total of £1.5 million on prevention strategies. This includes testing our games at the design stage, training our network of retailers, undertaking test purchasing, observing our advertising and sales promotion code of practice, and running our interactive age check systems in partnership with Experian.

In 2004/05, our business assurance team conducted an audit of our strategy on preventing underage play. While making minor recommendations, the audit found that we are demonstrating due diligence in this area.

## Consulting

We consult widely and regularly with stakeholders who have an interest in responsible gambling - players, retailers and public interest groups.

Our public affairs team holds an annual meeting with public interest groups and academic institutions. They brief these stakeholders on our recent performance, debate public policy issues and listen to stakeholder opinion. We are considering conducting these public interest consultation meetings more frequently because they are so useful.

In March 2005 we held a consultation meeting with a wide range of public interest groups. They included the Salvation Army, Nottingham Trent University, Salford University, CitizenCard (a nationwide, industry-led initiative to provide a proof-of-age card for young people), the Gordon House Association (a charity that helps people with gambling problems), Trading Standards, GamCare and the Employers Forum on Disability. Discussion focused on the Gambling and National Lottery Bills, preventing underage sales, game design and sales channels.

The key points raised were:

- The importance of differentiating The National Lottery from harder forms of gambling
- The representative from the Gordon House Association reported an increase in people - often women and adolescents - coming for treatment with online gambling-related problems. The charity has contacted gambling operators requesting a block on all wagers from Gordon House locations. Camelot is looking into the feasibility of this
- A number of gambling-related charities reported that they had experienced difficulties attracting National Lottery funding to further their work. Camelot has committed to discussing lottery grants for such organisations with the Department for Culture, Media and Sport, and the National Lottery Distribution Bodies.

The introduction of National Lottery Fast Pay (a quick way to pay for draw-based games at supermarket checkouts) generated the most heated debate. Several delegates were concerned that the name "Fast Pay", which simply refers to the benefit the service offers players, might be unduly attractive to problem gamblers because it implied a quick pay out, and that the opportunity to buy lottery products at checkout tills might encourage a broader gambling culture. In response, we have committed to creating a working group on Fast Pay, which will take account of actual consumer behaviour during its pilot implementation.

## Responsible product design

### Our commitment to protecting vulnerable players begins with the design of the games.

We use a risk matrix we call our Game Design Protocol to help us assess any potential problems posed by new games. We designed the protocol in partnership with universities and charities with an interest in problem gambling.

If a product appears to be particularly risky for a vulnerable group, we either revise the product, review our marketing to limit risk, or do not launch it. The National Lottery Commission has said that the Game Design Protocol is "a unique and groundbreaking tool."

We made a commitment for 2004/05 **to continue to research the impact of games after they have been launched**. During the year, we continued to use tracking research to monitor levels of play, in respect of both penetration and frequency, and per capita spend on lottery games.

We checked the actual experience of several scratchcards and games against the predictions of the game design protocol and found that the predictions were accurate.

In 2005/06 we will conduct an extensive review of the Game Design Protocol, involving experts on problem gambling, to reflect the changing gambling landscape and the potential impact of some of our higher-priced products.

## Marketing

We operate in accordance with [The Advertising and Sales Promotion Code of Practice](#) agreed with the National Lottery Commission to ensure that we implement socially responsible marketing and sales strategies. The Code contains general provisions concerning style and content, procedures for avoiding the promotion of the lottery to under-16s, and safeguards to make sure that players are not exploited in the promotion of the lottery. For example, it prohibits outdoor advertising near schools. Representatives from our Marketing Department sit on the Responsible Play Group.

## Responsible sales

- Working with retailers
- Interactive play

### Working with retailers

Retailers are at the forefront of our drive to prevent illegal or excessive play because they have direct contact with lottery players. We work closely with them on education and training initiatives and provide them with a register to record refused sales.

We also conduct retailer vigilance campaigns. Between September and November 2004 we delivered a range of focused communications to all our 28,000 retailers, using *Jackpot* - our bi-monthly magazine - stickers for point of sale and posters for use in staff rooms.






We also maintain a refusal register which enables retailers to record any refusals to sell a National Lottery product.

In a recent survey of our retailers, 64% agreed with the statement "Camelot is helpful in preventing underage purchases of National Lottery products".

**CITIZENCARD** We also work with local Trading Standards departments (sharing information and following up any reported incidents), and with CitizenCard to support and help publicise its work. We also advertise a hotline number for the public to report any retailers who have sold to under-16s. Every call is followed up with an investigation and test purchasing.

Operation Child is a unique and successful "mystery shopper" test purchasing scheme which measures the extent to which retailers comply with the legal requirement not to sell to underage players. More than 10,000 such visits are made to retailers every year. This is a three-strikes-and-you're-out system. If a retailer fails a first visit, a warning letter is sent and a second visit is arranged. If that retailer then fails a second and third time, its licence to sell National Lottery products is revoked and the lottery terminal removed. One terminal was removed as a result of Operation Child in 2004/05.






## Operation child visits per annum

Target	 10,000
2004/05	 10,223
2003/04	 9,815
2002/03	 12,236
2001/02	 4133*

\* end of first lottery licence - during this licence period we undertook up to 5,000 visits a year

In 2003/04, 86% of retailers refused to sell to an underage purchaser on the first test visit. In 2004/05 this had risen to 89%. We will continue to work with our retailers on this issue.

## Retailers refusing to sell on first visit (%)

Target	 85
2004/05	 89.4
2003/04	 85.5
2002/03	 91.5
2001/02	 86.3

## Interactive play

Camelot was the first company to gain accreditation to GamCare's Social Responsibility Code of Conduct. The requirements for this include responsible gambling content, age verification systems, customer-led spend limits, self-exclusion tools, reality checks on the games screen and customer service training.

A commitment for 2004/05 was to **ensure GamCare accreditation is audited each year**. The National Lottery website and our Sky Active site have both received GamCare accreditation. When tested by children's charity NCH, the National Lottery site was one of the few gambling - related sites that prevented a young person from registering illegally.



Since November 2004 it has been possible for players to play Lotto, Thunderball, Daily Play and EuroMillions by mobile phone. Another commitment for 2004/05 was that **we would ensure that our systems to make games available via mobile phones would meet high standards of player protection**. Potential mobile phone players are required to register on the National Lottery website, and are asked for their name, age, address and debit card details, all of which are authenticated via the Interactive Age Check that we run in partnership with Experian.



This ensures that players are 16 or over and live in the UK. There is a system-wide limit but players are also able to set personal mobile play limits for themselves. They also have the option to lock themselves out of games and to have any winnings paid directly into their bank accounts rather than adding them to their online accounts to fund further gambling.

Next year, we will have our mobile phone service audited by GamCare and are committed to auditing and retaining this accreditation annually.

## Next steps

**We achieved most of our responsible play commitments in 2004/05 - continuing to monitor the post-launch impact of our games, and ensuring high levels of player protection for our games playable on mobile phones.**

We are continuing to work on our commitment to explore opportunities for a responsible play education initiative for players.

In 2005/06 we will:

- Set up a National Lottery Fast Pay working group to assess any impacts on vulnerable players
- Continue to receive GamCare accreditation for the internet and interactive TV
- Apply for GamCare accreditation for our mobile phone service
- Invest in player education and awareness through a dedicated leaflet and/or information in the player guide
- Conduct a review of the Game Design Protocol, involving experts on problem gambling
- Increase the quality of messages about sales to under-16s within retailer training events and to consider refresher training for existing retailers
- Continue Trading Standards liaison.

## Case study: GamCare



**Professor Peter Collins is the Director of the Centre for the Study of Gambling at Salford University, and in March 2005 completed a year's stint as Chief Executive of GamCare, which means he can talk about Camelot's commitment to responsible gambling from two distinct perspectives.**



**GAMCARE**

GamCare is a charity focused on improving understanding of problem gambling, addressing the needs of those with gambling dependencies, and promoting a responsible approach to gambling.

**Peter says:** "GamCare and Camelot have worked closely together almost since the beginning, and GamCare sees Camelot as a very valued supporter. I am personally very impressed by what Camelot does to prevent underage and excessive play. I would say that it operates the most effective and comprehensive scheme of its kind in the world and has raised the standard to which others will be compared. In my experience, almost no one in the UK with a gambling problem can attribute it directly and primarily to playing draw-based games with The National Lottery."

**Professor Collins** believes that the different forms of gambling available in the UK constitute a spectrum from "hard" to "soft". Harder forms offer convenience of play, continuous action, high stakes, high returns, frequent payouts, and the lack of an adequate associated public awareness programme.

"On most of these counts," he says, "The National Lottery doesn't score very highly, and lottery products are intrinsically much safer than, for example, fruit machines. On the other hand, the returns are high and there are increasingly convenient ways to play, including remote forms of gambling on mobile phones and over the internet. In fact, these remote options are a cause of some concern for everyone associated with the issue of problem gambling. But, here again, Camelot appears to be taking its responsibilities very seriously."

The Centre for the Study of Gambling at Salford University is a centre of excellence for research into issues associated with the socio-economic impact of gambling and also provides academic training for those wishing to make a career in the gambling industry.

**Peter explains**, "Camelot is one of our corporate sponsors. While, of course, we are scrupulous about maintaining our academic independence, we do welcome input from our sponsors. All sponsors are entitled to representation on our Sponsors Advisory Board, and also to attend our regular Salford Seminars, which provide a forum for debating issues of common concern".

In future Peter believes there is scope for the Centre to pay closer attention to sponsors' specific needs as well as their collective concerns.

"I think, for example, it would be entirely appropriate for us to participate in the debate about how the third licence to run a national lottery should be awarded in line with public interest. We can draw on our experience and advise potential future operators about the kind of criteria they are going to have to meet in order to be successful. It would not be appropriate, of course, to favour any particular commercial candidate over any others or take up a lobbying position on behalf of one potential operator rather than another. Our view is that just as it would clearly be wrong for Camelot to be awarded the next licence simply because it is the incumbent, so it shouldn't be assumed that just because it is the incumbent, it has to be someone else's turn next time. What matters, in the final analysis, is how effectively and responsibly the lottery is managed and the total amount of money of lottery spend that is returned to communities and the wider society."