POSTCODE LOTTERY











Restricted Giving

The Effect of Charity Lottery Limits on Charitable Fundraising

About Postcode Lottery

Established in Britain in 2005, Postcode Lottery is the country's largest charity lottery operator. Owned by an international charitable foundation, Postcode Lottery exists to raise funds for good causes. It does not exist for commercial gain.

Players sign up to play monthly by subscription, with their payment entering them into all lottery draws, each of which is managed on behalf of twenty Postcode Trusts, each a registered charity.

Governed by the Gambling Act Postcode Lottery is an External Lottery Manager licensed by the Gambling Commission.

About this Policy Paper

Despite growing into one of Britain's biggest fundraising success stories, charity lotteries in Britain remain governed by a restrictive and outdated regulatory regime.

The 2005 Gambling Act was designed with the intention to make it easy to increase the monetary limits placed upon the sector, successive governments have failed to use these levers fully in order to help realise even greater returns to good causes. As a result, annual sales, draw and top prize values have failed to keep pace even with inflation.

Centred around provided long-term, unrestricted funded for good causes, this report explores the history of the charity lottery sector, how it provides a complementary funding stream alongside the much larger National Lottery, the impact of current monetary limits, the prize of further reforming the sector and the broad public support for change.

Find out what players fund across every constituency in Britain

SCAN ME

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Section 1

LICENSING – BACKGROUND AND CURRENT REGULATION

Charity lotteries[1] have been subject to sales limits since the 1960s, with the current regulatory framework established by the 2005 Gambling Act. Today, the sector generates over £1 billion in sales annually, of which some £460 million is returned to supported good causes[2].

Such lotteries are unique in the gambling and fundraising sectors as the only product subject to an annual cap on sales, the effect of which essentially imposes a limit on charity fundraising by law.

There are three caps currently in place for charity lotteries:

- Annual sales limit: £50 million
- Per draw limit: £5 million
- Per draw prize limit:10% of draw proceeds up to a maximum of £500,000

The historic rationale behind these limits is unclear. It does not appear to be a safeguarding issue, as higher risk gambling products are not subject to the same caps, nor does it appear to be a method to control the overall gambling market size, as charity lotteries represent a small fraction of total gambling activity. Indeed, in 2016 the Gambling Commission stated that it has been "unable to uncover any reference as to why these limits were put in place."[3]

The reviews that took place as part of development of the Gambling Act 2005 recommended that the limits on the size of stakes, prizes and maximum annual proceeds of society lotteries should be removed.

As impartial industry regulator, the Gambling Commission advised that:

> ***"there was no regulatory reason under the Gambling Act to maintain the limits. We did not consider a change or removal of the limits posed any risk to the objectives of the Gambling Act 2005."***

The review went on to recommend that removal of the limits should be achieved progressively over time.

While the Government at the time ultimately chose to maintain a form of monetary limits, DCMS accepted that any limits should be capable of easy uplift by secondary legislation, and provisions for this were ultimately made within the Gambling Act 2005.[4] Government has subsequently increased limits on charity lotteries on several occasions, each time allowing further growth in funding for charities without negatively impacting the National Lottery.

Indeed, the falsehood that charity lottery limits exist to in some way to act as a check on charity lottery growth to protect the National Lottery's commercial performance and sustain its monopoly persists in some quarters.

Even if the premise of some form of limits providing a degree commercial 'protection' is accepted, this fails to recognise that the annual licence and draw limits on individual charity lotteries do not themselves restrict the commercial, playing facing offer of an umbrella brand such as Postcode Lottery. There is therefore no logical basis to support the claim such limits support the monopoly status of the National Lottery.

[1] Formally known as society lotteries in legislation, 'charity lottery' has become a commonly accepted and easily understood term in recent decades

[2] *https://www.gamblingcommission.gov.uk/statistics-and-research/the-gambling-market/series/industry-statistics*

[3] *2018, Gambling Commission, Advice provided to DCMS on society lotteries*

[4] 2016, Gambling Commission, society lottery advice, phase 2

Player Prize offer as key differentiator between charity lotteries and the National Lottery

Historically, it has been the National Lottery's ability to offer multi-million, life-changing prizes to players which has been the key differentiator between the National Lottery and charity lotteries, which have a theoretical top prize limited to just £500,000.

Even this historical distinction makes little sense in the present day, given the growth since 2020 of the large-scale prize draw market, led by the likes of Omaze.

Unregulated by gambling legislation, such draws have no prize cap and are often centred around a multi-million prize often in the form of a large property.



Section 2

HOW POSTCODE LOTTERY WORKS

Established in Britain in 2005, Postcode Lottery is the country's largest charity lottery operator. Owned by an international charitable foundation, Postcode Lottery exists to raise funds for good causes. It does not exist for commercial gain.

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OPERATIONAL REALITY OF LICENSING LIMITS

Under the Gambling Act, annual sales limits apply to each individual lottery licence. As an umbrella brand, Postcode Lottery currently manages multiple licensed lotteries through 20 separate charitable trusts, which provides the ability to fundraise at scale.

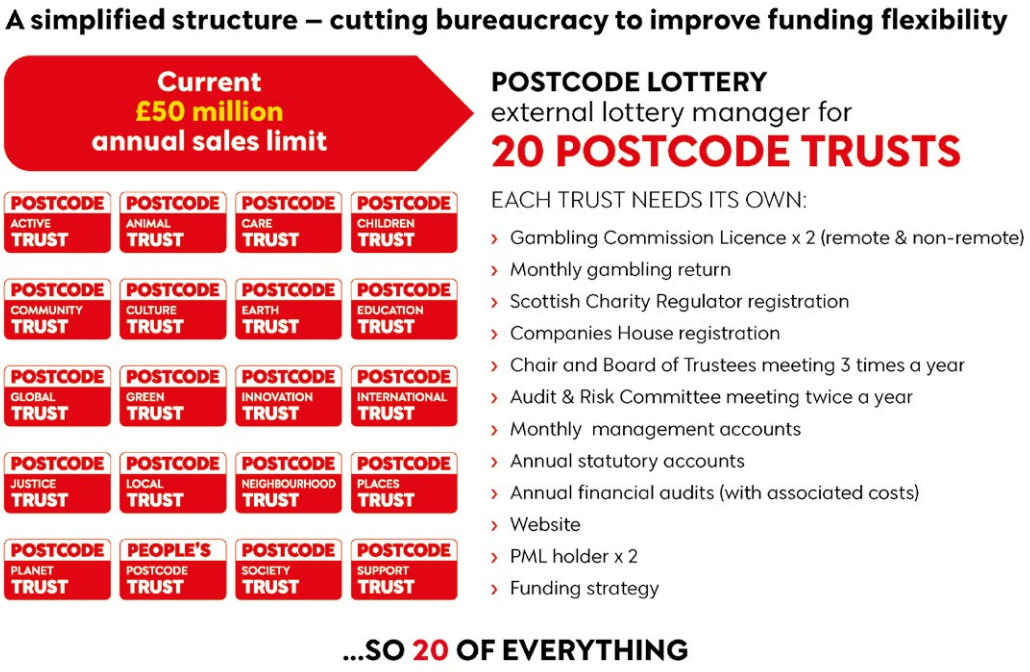
This structure exists to comply with the monetary limits provided for by the Gambling Act. As well as being regulatory cumbersome, it creates significant administrative complexity, additional costs and unnecessary bureaucracy.

More importantly, it limits funding flexibility. Because each trust operates its own licensed lottery, funds raised through one trust cannot be transferred or redirected to another. Each Postcode Trust funds charities on a strictly thematic or geographical basis - a regulatory requirement to ensure no single lottery sells more than the currently permitted £50 million of tickets per year.

In practice, this restricts the ability to respond quickly to emerging crises such as natural disasters, humanitarian emergencies or armed conflicts. Despite demand for support elsewhere, funds must remain within the trust through which they were raised in order to comply with the current licensing framework.

The current sales limits therefore have consequences beyond operational complexity. They constrain the ability of charity lottery operators to deploy funding efficiently and flexibly, reducing their capacity to direct resources to where they can have the greatest impact.

A visual illustration of the bureaucracy arising from the current licensing structure



2020 MONETARY LIMITS REFORM

In 2020, the government lifted the cap on charity lottery ticket sales from £10 million to £50 million. This was a move welcomed by the sector and had a clear on-the-ground impact in freeing up resources to invest in charities. For example, Postcode Lottery was able to consolidate from 58 to 20 trusts. The subsequent administrative savings delivered millions of pounds extra for charities, with DCMS's only review of the changes concluded they were having ***"the intended effect of allowing the society lotteries sector to grow and return more to good causes, whilst also maintaining the unique position of the National Lottery."*** [5]

Each Postcode Trust funds charities on a strictly thematic or geographical basis - a regulatory requirement to ensure no single lottery sells more than the currently permitted £50 million of tickets per year. Funding is effectively siloed.



[5] *https://www.gov.uk/government/publications/review-of-society-lottery-sales-and-prize-limits*

A unique, proven funding model delivering more for good causes

Since 2005, Postcode Lottery players have raised more than £1.8 billion for charities and good causes.

The Postcode Lottery model is both unique and complementary to other funding streams. It is built on trust-based philanthropy, providing long-term unrestricted funding to medium and large charity partners, alongside multi-year grants for grassroots organisations and opportunities to foster collaboration and innovation.

Unrestricted funding is especially valuable because it allows charities to cover core costs and respond flexibly to emerging needs. It complements the project-based funding provided by National Lottery distributors, and many charities benefit from both sources.

Postcode Lottery analysis indicated that further reform of monetary limits would help free up an additional £175 million for support charities – a figure that chimes closely with the Government's own projection that reform would deliver upto £150 million in third sector funding.

Further evidencing their unique and complementary role in the fundraising landscape, charity lotteries raise consider funds for both Animal Welfare and International Development – areas not supported by National Lottery funding streams.

WHAT MAKES US DIFFERENT

We're not just a lottery, we're a movement of positive change

A minimum of 30% of every ticket goes to charity



VITAL SUPPORT

Players raise OVER £19 Million every month for charities and good causes in postcodes across Britain and beyond.



UNRESTRICTED FUNDING

Flexible funding means charities of all sizes can use the money where it matters most



LONG-TERM PARTNERSHIPS

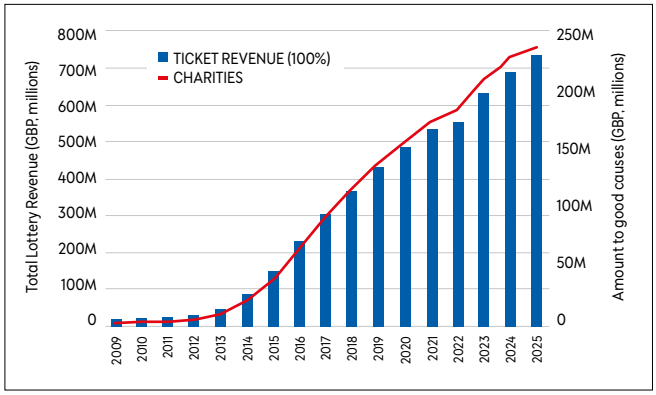
We form long-term relationships with good causes to help create lasting, meaningful impact.

Section 3

DEEP DIVE – THE ISSUE IN GRAPHS AND CHARTS

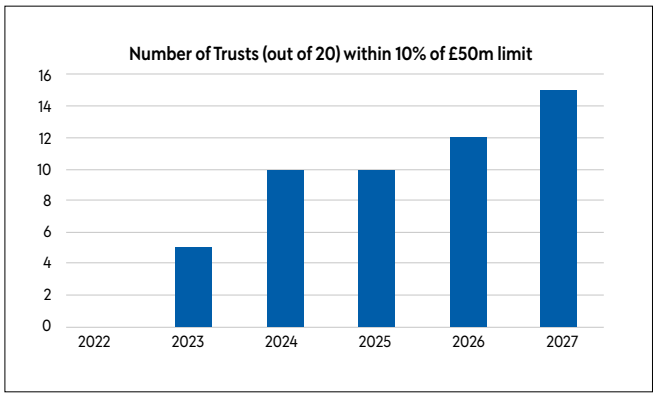
Brand Growth

The Postcode Lottery brand has grown year-on-year for 20 years, from a small start-up fundraiser to one of the largest sources of charity income in Great Britain, generating more than £19m per month for good causes. This commercial growth as a fundraising success story is, made possible entirely by the generosity of the playing public.



Postcode Trusts

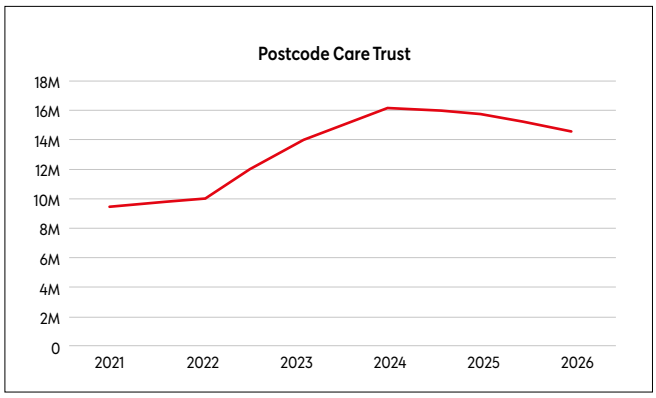
As detailed, licensing requirements mean Postcode Lottery manages lotteries on behalf of 20 charitable trusts, each with a distinct area of focus, each individually subject to the £50m proceeds limit. As the umbrella brand, people sign up to play Postcode Lottery, through which they are entered into each lottery we manage. With 12 draws a year it is obviously impossible to achieve exactly £50m in proceeds. As a trust approaches the annual proceeds limit, the ticket price for that trust's lottery draws needs to be reduced to stay within the legal limits. As of April 2026, 15 of the 20 trusts are charging the most they can (75p) without breaching the legal limits.



Impact of the individual annual proceeds limit

As a trust approaches its £50 million annual sales limit, it has to reduce ticket prices, which causes their revenue to flatline or even reduce. This then causes the amount that a trust can award to good causes to flatline or reduce.

As just one example, after strong growth up to 2024, where Postcode Care Trust raised £16m for good causes, the amount it has raised has fallen in 2025 and 2026, despite the overall amount raised by Postcode Lottery increasing in that period.



Postcode Care Trust support Alzheimer's Society, Hospice UK, Maggie's, Trussell, RNIB, Young Lives vs Cancer and many more[6]. These amazing charities are unable to see their grants grow - even to keep up with inflation - and will likely see decreases in the coming years despite the overall number of Postcode Lottery subscribers increasing.

In each year of 2024, 2025 and 2026, 10 out of the 20 Postcode Trusts saw their proceeds flatline or reduce despite aforementioned overall growth in Postcode Lottery subscribers. All 15 Trusts that provide long term, unrestricted support to large charities are now at the highest ticket price they can sustain under the current £50 million annual sales limits. It is now the case that every single large charity supported by Postcode Lottery now faces this issue.

[6] *https://www.postcodecaretrust.org.uk/funded-charities*

Section 4

CHARITY LOTTERIES AND THE NATIONAL LOTTERY

The stated policy of the Department for Culture, Media and Sport is to allow the National Lottery and charity lotteries to grow together in tandem.

However, there has been a longstanding discussion over whether liberalising the monetary limits on society lotteries might inhibit the growth of the National Lottery. Society lottery limits have been increased several times since the advent of the Gambling Act – indeed they were designed to be easily amended – with both sectors continuing to grow thereafter.

As official regulator, the Gambling Commission has conducted three separate econometric studies, consistently finding *"no statistically significant effect of society lotteries affecting National Lottery sales."* [5]

A 2022 report by Regulus Partners[7], analysed the draw-based and instant ticket sales performance of 12 European state lottery monopolies. Analysis found that there is no material causal link between the presence of charity lotteries and the performance of state lotteries. The report also found that charity lotteries consistently grow the overall lottery segment and, therefore, funds to good causes.

Also in 2022, as part of its inquiry into the future of the National Lottery, the DCMS Select Committee concluded that:

> ***"We [The Select Committee] do not consider that society lotteries pose a threat to the charitable giving of the National Lottery, in line with the views of the Gambling Commission and the Department. Recent years have seen significant reforms to society lottery regulation that have allowed total sales and good cause returns to reach record levels at the same time as the National Lottery achieved record sales."*** [6]

The National Lottery operates under a different legislative framework than charity lotteries, with the key differentiator of "life-changing prizes." Removing the annual sales cap on charity lotteries would not change this National Lottery differentiator.

The process surrounding the Government's June 2025 decision on this has been widely discredited by the sector, with the decision based on the work of an external consultancy, rather than Gambling Commission evidence as would be standard.

Nonetheless, despite being riddled with basic factual inaccuracies, it was acknowledged that the society lottery sector actually grew faster before the 2020 reforms and that further noted increasing the monetary limits on lotteries would generate millions in extra charitable funding.

GAMBLING COMMISSION

Did you know?
Prior to the last DCMS public consultation on charity lottery limits, the Gambling Commission advised the Government that raising the annual aggregate sales limit to **£100 million** was viable and would allow larger society lotteries and umbrella organizations to grow without significantly damaging National Lottery returns for good causes.

[7] *https://a.storyblok.com/f/226002/x/0147f3aef2/regulus_partners_charity_lotteries_and_the_european_lottery_sector_impact_analysis.pdf*

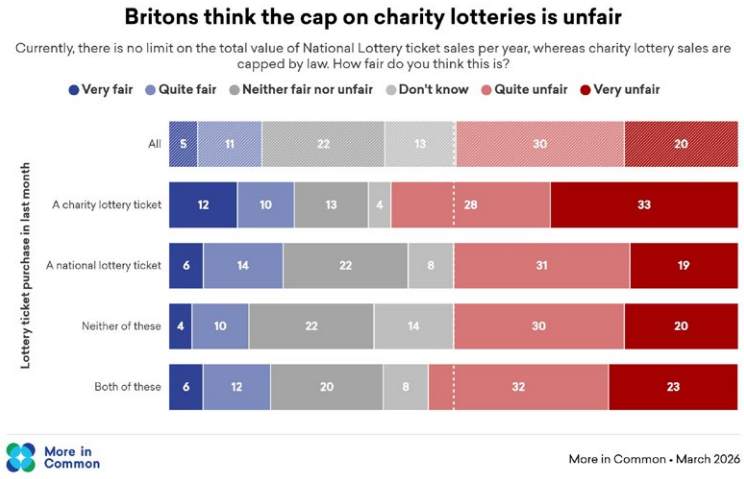
Section 5

PUBLIC SUPPORT FOR CHARITY LOTTERY REFORM

In March 2026, More in Common polled a nationally representative sample of 2,010 adults across Great Britain[8], the results of which showed strong public backing for a level regulatory playing field for both lottery types – a view shared by a clear majority of supporters of every major political party. By extension, the public view the current lack of prize draw regulation as decidedly unfair.

Some key poll findings are highlighted below:

Half of Britons think it's unfair that charity lotteries are subject to a ticket sales cap



Half of all Britons feel that it is unfair that charity lotteries are subject to a ticket sales cap, while the National Lottery is not. This contrasts with **only 16%** of people who feel it is fair.

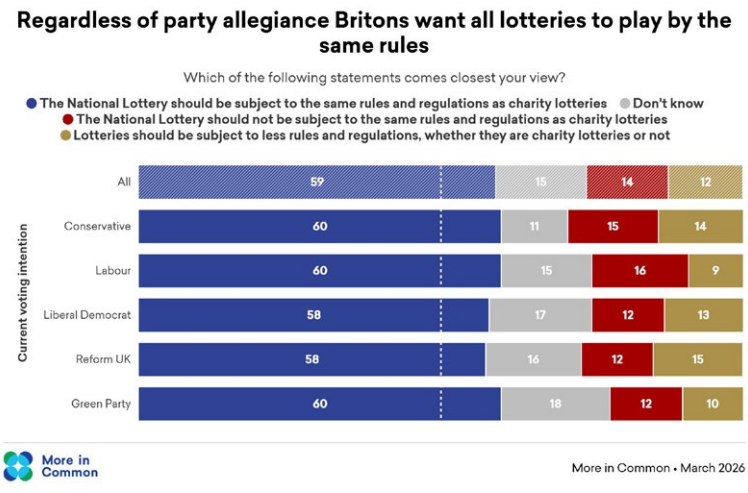
Those who bought a charity lottery ticket in the last month are more likely to feel this cap is unfair **(61%)** than average, as well as compared to those who bought a national lottery or both tickets in the last month..

Those who feel charity lotteries are safer than other forms of gambling are also more likely than average to feel a cap is unfair, with **57% feeling this way.**

Britons want everyone to play by the same rules

There is minimal support for loosening rules and regulations on the lottery industry, and similarly minimal levels of support for the National Lottery having its own set of rules. **A majority of Britons instead think it should be subject to the same rules as other lotteries.**

This is not a partisan issues, with the differences between different voter blocs being negligible. **Reform UK and Conservative voters are the most in favour of less regulation for lotteries,** but generally the public wants regulation that is applied equally across the sector.

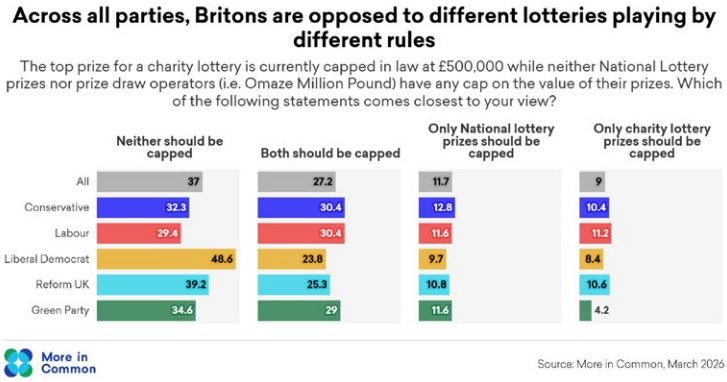


[8] Full data tables available at *www.moreincommon.org.uk*

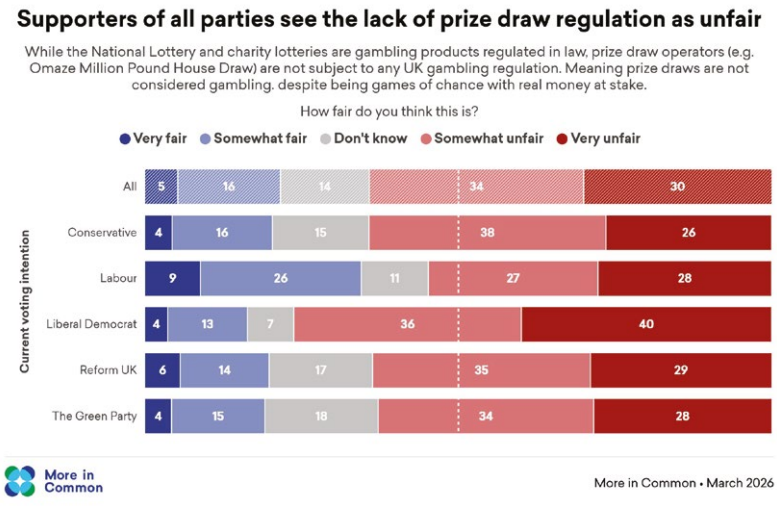
Britons don't support different rules for different lotteries

When asked which policy the UK should adopt in regard to prize caps on lotteries and prize draws, there are similarities in the views of supporters of all parties. **Less than 25%** of any group of party supporters support either charity lotteries or the National Lottery having a cap on the value of prizes with **over 60% support** for either all lotteries being capped, or no lotteries being capped.

Though some, like Liberal Democrat supporters, want no caps on any lotteries, and others, like Labour supporters, prefer caps on all Lotteries, all party supporters want the policy to be applied equally. **Britons want the policy to be applied evenly across the industry, rather than having one lottery play by different rules to another.**



The fairness of prize draw regulation



When asked about the fairness of prize draws not being regulated like other forms of gambling, the feeling of unfairness is even more stark.

Nearly 2 in 3 Britons feel the current regulation arrangement for prize draws is unfair. This is felt by supporters of all the main parties, though the highest support for the current system is found amongst Labour supporters- this may be because Labour voters are generally more sceptical of gambling.











POSTCODE LOTTERY