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Prime Minister

You will want to be aware of these problems in case the issue is raised with you again. Do you want to pursue any points with Treasury / DHSS now or wait till you've had a chance to see Mr. Hurd's "H" paper? PRC6 10/5

PRIME MINISTER

NHS LOTTERY

It begins to look as if the proposed National Hospitals Trust Lottery has not settled the question of a national lottery to raise funds for the NHS. For three reasons:

- (1) The proposed lottery would be on aggregation of 100 local lotteries, each registered separately. By this tactic, the street limit of £2,000 prize money can be evaded and an aggregated prize of £200,000 offered.

But it is very doubtful if this ingenious tactic is legal. Kensington and Chelsea council has yet to decide whether or not the registration of National Hospitals Trust Appeal 1-100 is an acceptable way of registering one hundred separate lotteries. And even if it agrees, the aggregation of prize money might still be judged to contravene the law.

- (2) In addition to this legal uncertainty, there is apparently nervousness about the character of some of those involved in the promotion. I gather that the DHSS is worried that the Government and the NHS might be damaged by association with a lottery which either collapsed or was subsequently shown to involve impropriety.
- (3) Those interests which have been lobbying for a straightforward national lottery (and which had accepted the Gaming Board's view that an aggregation of local lotteries would be "against the spirit of the Act") may stimulate a legal challenge to the Trust. So may other interests like the football pools.

This situation is plainly unsatisfactory. It also poses the danger of embarrassment for the Government. The Home Secretary, therefore, having kept in touch with Kensington and

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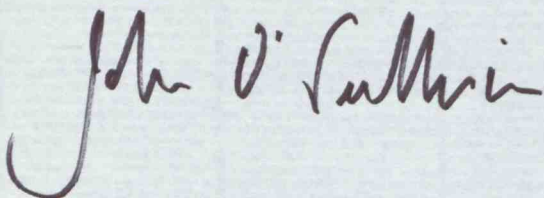
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Chelsea, plans to raise the matter of an early meeting of 'H'.  
There seem to be four options:

- (a) Simply accept the legality of the aggregated lottery.
- (b) Regularise it by new legislation of a loophole-closing kind.
- (c) Ban it by similar legislation.
- (d) Introduce legislation to allow a genuinely national lottery. Such legislation would also ban the NHT lottery.

I suggest that our real options are (c) and (d). If we are to have a national lottery, it should be along lines and with safeguards designed by Parliament. We should therefore use the occasion of the Home Secretary's report to 'H' to examine in greater depth the arguments for and against an NHS lottery. We should also ask Mr Lamont at the Treasury to provide us with the best estimate of the revenue that such a lottery might raise for the NHS. If it seems likely to raise sums of £1 billion or above, there would be a strong case for placing it in the "Green" section of any White Paper produced by the Health Review.



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8 May 1988

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