

chapter eleven

Pool Competitions

- 11.1 Pool competitions involve pooling the stakes of the participants, deducting a proportion of the stakes to cover expenses, tax and operator's profits, and, when the result is known, sharing the remainder of the prize pool among the winners.
- 11.2 The most common form of pools, or pool competition in Great Britain is the football pools. The horseracing Tote and the totalisators at greyhound tracks are forms of pool betting and are discussed in the chapter on betting.
- 11.3 Regulation of pools competitions is governed by the Betting, Gaming and Lotteries Act 1963. Only people who are registered pools promoters can run pool competitions. The promoter must be registered with the local authority, which appoints an accountant to supervise the promoter's operations. The 1963 Act also outlines the requirements for conduct of the business, including that stakes and winnings should be wholly in money. Once a person is registered, the registration continues until revoked although a continuation fee becomes payable each year.¹
- 11.4 Football pools are often collected by door-to-door collectors and submitted by post. Under the 1963 Act, no premises could be used to retail pool competitions. This restriction was widely ignored by local shops. Section 56 of the National Lottery Act 1993 and a deregulation order in 1997 amended the 1963 Act to allow pools competitions to be sold in retail premises, although they are required to feature at least four association football matches. Only pools based on football were given this allowance which was intended to help reduce the impact of the introduction of the National Lottery. The 1993 Act also enabled rollovers. If no player wins the first prize, then the pool promoter can roll over the prize to the next competition.

Pool Competitions Act 1971

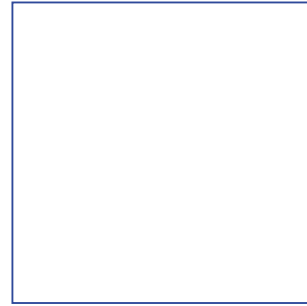
- 11.5 Before the legalisation of small lotteries, some promoters ran small pool competitions in a very similar way with entrants keeping the same numbers for each draw. Many were designed to raise money for charities, clubs and sporting associations.² Even when lotteries were legalised, a few continued to operate as pool competitions because there was no limit on turnover or the size of the prizes that could be offered. Those that were running pools competitions in this particular way in 1970 were permitted to continue to do so under the Pool Competitions Act 1971, which was given an initial life of five years. When the Rothschild Commission reported in 1978, there were only seven organisations operating under the Act. The Rothschild Commission could not see a case for allowing the Act to continue.³ It finally expired in July 1987.⁴

Types of pool competitions

- 11.6 Pool competitions operate on a pari-mutuel basis. The entry fee or stake goes into a pool. Once the issue on which the money was staked has been determined, the prize pool, minus a deduction for expenses, duty and profit, is divided between the winners. The level of individual prizes depends on the number of winners and cannot be predicted with any accuracy in advance. Players must be 16 and over.
- 11.7 Most weekly competitions are based on the results of football matches. All football pools work in a similar way, operating a point system. Most points are awarded for score draws (three points for example), then no-score draws (two points) and then a win (one point). The weekly pools coupon lists 49 football matches which have yet to be played. There are variations but simply, the player decides how many matches he or she would like to pick as likely to end in a score draw. In 1998, the cost of a standard entry ranged from 60 pence for ten matches to £85.80 for 15 matches. The matches are played and the entry is scored. If at least eight matches end in score draws that week and a player scores 24 points, he wins the jackpot.⁵ If several people have picked the correct eight, the jackpot is shared. If fewer than eight score draws result that week, the jackpot can be won with fewer points.

Punters

- 11.8 The Prevalence Survey found that around 9% of those asked had played the pools in the past year, which was slightly more than bingo and scratchcards.⁶ The ONS survey produced a similar figure of 7%. Both surveys found that pools were twice as popular among men than women: the Prevalence Survey reported a larger disparity between men (13%) and women (5%).
- 11.9 Both the Prevalence Survey and the ONS survey found the lowest levels of participation in the youngest and oldest age groups. The highest level of participation was 13% of those aged 55-64 years according to the Prevalence Survey and 13% of those aged 21-24 years according to the ONS survey.
- 11.10 According to the Prevalence Survey, those in social classes I and V were less likely than average to play the football pools. It was most common in social class IIIM.⁷



11.11 Participation by region ranged between 3% and 9%. The ONS survey found that those living in London were the least likely to play the football pools. They were most popular in Scotland (9%).

Number of players

11.12 Littlewoods Pools is currently the largest pools operator in Britain with an 80% share of the pool competition market. It has around 1.4 million entries per week. Littlewoods told us that prior to the introduction of the National Lottery, it received around 8 million entries per week.⁸

Average spend

11.13 The Prevalence Survey examined the amount staked on gambling activities in the last seven days. The average amount spent on football pools or fixed odds coupons was £3 per week. On average, men spent more (£3.30) than women (£2.00). Over 90% of people spent less than £5, 3% spent between £10.01 and £20 and 1% of men spent more than £50.⁹

The Industry

Trade Association

11.14 The Pools Promoters Association was established in the 1930s. Its members are Littlewoods Promotions Limited, Vernons Pools Limited and Zettlers International Pools Limited.¹⁰

Industry size and structure

Turnover and duty

11.15 The total amount staked on football pools in 1996 was £493m. The gross gaming yield was £363m.¹¹ By 1998, the amount staked had decreased by about a quarter to £370m with a gross gaming yield of £255m.¹²

11.16 Pools have been subject to some of the highest levels of gambling taxation. In 1990, pools were subject to a duty rate of 40% which yielded £304m in that year. In the last decade, tax yields peaked in 1993-94 at £347m but have declined every year since. By 1999-2000, the tax rate had been reduced to 17.5% and tax yield was an eighth of its level ten years earlier, at £38m.

11.17 The Pool Promoters Association told us that the introduction of the National Lottery had a huge impact on the UK gambling industry, particularly the football pool betting sector.¹³ Following the launch of the National Lottery, the pool competition duty rate was reduced from 37.5% in 1994-95 to 27.5% by December 1995. Even though the duty rate was reduced by around a quarter, duty yield fell by around 45% suggesting a significant fall in pool competition stakes.

Good causes

11.18 A number of the original small pool competitions were operated for good causes, sports and charities. This fact was credited with bringing about the Pool Competitions Act 1971. Despite the expiration of the 1971 Act, pools continue to be associated with sports and good causes and have raised a significant amount of money for them over the years. The Football Trust, now the Football Foundation, was originally founded by Littlewoods in the 1970s. The Football Trust was established to encourage and develop involvement in football. The Foundation for Sports and the Arts is another UK discretionary trust, established by Littlewoods in 1991, with the aim of encouraging and developing involvement in general sports activities and the arts. The Moores Family Charity Foundation is a charitable trust established in 1968.

11.19 In 1999, the Football Trust and Foundation for Sports and The Arts both received £6.1m from the Littlewoods Organisation. In the previous year, the Football Trust received £8.4m and the Moores Family Charity Foundation received £1.1m.¹⁴ Littlewoods told us that it had raised over £450m for football at all levels from its own contributions to the Trust and from fixture payments and sponsorship to the football authorities. The Foundation for Sport and the Arts has received over £270m in funding from the company's football pools.¹⁵

Employment

11.20 Littlewoods told us that there are 30,000 self-employed collectors handling Littlewoods Pools products in addition to office and call centre staff.¹⁶ BISL estimated that around 1,140 people were directly employed in the football pools industry.¹⁷

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Duty rate %	40	37.5	37.5	37.5	37.5	27.5	26.5	26.5	26.5	17.5
Duty collected	£304m	£314m	£318m	£347m	£342m	£191m	£127m	£97m	£70m	£38m

Figure 11.i: Duty rates, 1990-2000

Source: Customs & Excise

8- Information supplied by P Hughes, Littlewoods Leisure plc, 23 May 2001 9- Sproston, Erens & Orford (2000) 35 10- Pools Promoters' Association (2000) 11- Data provided by the Centre for Gambling & Commercial Gaming, University of Salford 12- BISL (2000) 61 13- Pool Promoters Association (2000) 1 14- Littlewoods Organisation plc (1999) 42 15- Littlewoods Leisure (2000) 5 16- Ibid, 4 17- BISL (2000) 65