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Contract

Call for Competition for the 4th UK National Lottery Licence

Gambling Commission

F20: Modification notice

Notice identifier: 2024/S 000-001857

Procurement identifier (OCID): ocids-h6vhtk-042e60

Published 19 January 2024, 9:14am

Section I: Contracting authority/entity

I.1) Name and addresses

Gambling Commission

Victoria Square House, Victoria Square

BIRMINGHAM

B2 4BP

Contact

Safraj Ismail

Email

4n1cimplementation@gamblingcommission.gov.uk

Country

United Kingdom

Region code

UKG31 - Birmingham

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.gamblingcommission.gov.uk/documentation-regarding-the-fourth-national-lottery-licence-jan-2024>

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Call for Competition for the 4th UK National Lottery Licence

Reference number

2020/S 168-408296

II.1.2) Main CPV code

- 92351100 - Lottery operating services

II.1.3) Type of contract

Services

II.2) Description

II.2.2) Additional CPV code(s)

- 30198000 - Lottery machines
- 37524800 - Lotto games
- 37524810 - Lottery formulary
- 66100000 - Banking and investment services

- 72223000 - Information technology requirements review services

II.2.3) Place of performance

NUTS codes

- UKG31 - Birmingham

II.2.4) Description of the procurement at the time of conclusion of the contract:

The procurement was for the award of the Fourth Licence to deliver the UK National Lottery following the expiry of the current licence in February 2024.

A copy of the 4th National Lottery Licence is published on the Gambling Commission's website: <https://www.gamblingcommission.gov.uk/documentation-regarding-the-fourth-national-lottery-licence-jan-2024>

The duration of the Licence is 10 years (120 Months) with a contingency extension for up to 2 years (24 Months).

II.2.7) Duration of the contract, framework agreement, dynamic purchasing system or concession

Duration in months

120

Section IV. Procedure

IV.2) Administrative information

IV.2.1) Contract award notice concerning this contract

Notice number: [2022/S 228-653118](#)

Section V. Award of contract/concession

Contract No

2020/S 228-653118

Title

Call for Competition for the 4th UK National Lottery Licence

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract/concession award decision:

15 September 2022

V.2.2) Information about tenders

The contract/concession has been awarded to a group of economic operators: No

V.2.3) Name and address of the contractor/concessionaire

Allwyn Entertainment Ltd

1 Connaught Place, 5th Floor

London

W2 2ET

Country

United Kingdom

NUTS code

- UKI32 - Westminster

Companies House

13157556

The contractor/concessionaire is an SME

No

V.2.4) Information on value of the contract/lot/concession (at the time of conclusion of the contract;excluding VAT)

Total value of the procurement: £8,187,000,000

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

Gambling Commission

4th Floor Victoria Square House

Birmingham

B2 4BP

Country

United Kingdom

Section VII: Modifications to the contract/concession

VII.1) Description of the procurement after the modifications

VII.1.1) Main CPV code

- 92351100 - Lottery operating services

VII.1.2) Additional CPV code(s)

- 30198000 - Lottery machines
- 37524800 - Lotto games
- 37524810 - Lottery formulary
- 66110000 - Banking services
- 72223000 - Information technology requirements review services

VII.1.3) Place of performance

NUTS code

- UKG31 - Birmingham

VII.1.4) Description of the procurement:

The procurement was for the award of the Fourth Licence to deliver the UK National Lottery following the expiry of the current licence in February 2024.

A copy of the 4th National Lottery Licence is published on the Gambling Commission's website:

<https://www.gamblingcommission.gov.uk/documentation-regarding-the-fourth-national-lottery-licence-jan-2024>

The duration of the Licence is 10 years (120 months) with a contingency extension for up to two years. Following the modifications described below there is an additional process within which the Commission can consider an extension to the Licence for up to 2 years (24months), in accordance with the process described at 7.2.1(d) below.

The estimated value of the contract set out in 5.2.4 above and 7.1.6 below is based on estimates of sales forecasts over a 10 year (120 months) period taken from the application.

The estimated value of the modified contract at 7.2.3 (£7.933Bn) is based on updated estimates of sales forecasts over a 10 year (120 months) period taking into account the decreased sales in the last year of the 3rd Licence and the matters described at 7.2.1 below. The Commission considers that if any extension is granted in accordance with the process described at 7.2.1 (d) below, there is a possibility that the value of the contract will be closer to the estimated value of the contract before the modification (i.e. £8.187Bn).

VII.1.5) Duration of the contract, framework agreement, dynamic purchasing system or concession

Duration in days

120

VII.1.6) Information on value of the contract/lot/concession (excluding VAT)

Total value of the contract/lot/concession:

£8,187,000,000

VII.1.7) Name and address of the contractor/concessionaire

Allwyn Entertainment Ltd,

1 Connaught Place, 5th floor

London

W22ET

Country

United Kingdom

NUTS code

- UKI32 - Westminster

Companies House

13157556

The contractor/concessionaire is an SME

No

VII.2) Information about modifications

VII.2.1) Description of the modifications

Nature and extent of the modifications (with indication of possible earlier changes to the contract):

The Enabling Agreement and draft Licence (annexed thereto) (copies are of which are available at : <https://www.gamblingcommission.gov.uk/documentation-regarding-the-fourth-national-lottery-licence-jan-2024>) were modified in September 2022, September 2023 and December 2023 to take account of delays to implementation of Allwyn's solution. The main modifications were (a) extending Key Dates, (b) providing for the application to be partially implemented at the Start Date (1 February 2024), namely the provision of Initial Functionality (being an enhanced provision of the existing service) and then the achievement of Full Implementation by 29 September 2024, with a fall back date of 28 February 2025 (which was agreed to be the applicable date in October 2023), (c) including a cap on the amount of additional costs incurred by the Commission which Allwyn is required to reimburse to Good Causes as a result of implementation continuing after 1 February 2024, based on the realistic maximum assessment by the Commission and (d) building in a process for the Commission to consider extending the term for up to 2 years (24 months) following a review, no earlier than Licence Year 5, provided that the extension is not inconsistent with the Commission's statutory duties. The Enabling Agreement was further modified to include provisions dealing with sanctions, namely requiring Allwyn not to enter into, and to do everything it can to ensure others (in particular, shareholders and subcontractors) do not enter into, any arrangement prohibited

by or in breach of sanctions, together with obligations to notify the Commission of any such arrangements, promptly terminate such arrangements and implement appropriate policies and procedures with respect to monitoring arrangements with respect to sanctions.

VII.2.2) Reasons for modification

Need for modification brought about by circumstances which a diligent contracting authority/entity could not foresee.

Description of the circumstances which rendered the modification necessary and explanation of the unforeseen nature of these circumstances:

The modifications at (a) - (d) were necessary due to delay in implementation of Allwyn's solution which was primarily caused by litigation by the incumbent licensee (Camelot) and its subcontractor (IGT) (resulting in the loss of Allwyn's 3 month contingency period and a shorter implementation period than envisaged in the Competition) and/or by protracted and challenging negotiations regarding handover from IGT to Allwyn. The sanctions modification was caused by the invasion of Ukraine by Russia and sanctions imposed by the UK and other Governments.

It was unforeseeable that IGT, a subcontractor to the incumbent, would start proceedings against the Commission in circumstances in which subcontractors do not have a cause of action under the Regulations, that IGT would continue proceedings once Camelot withdrew its proceedings on 16 February 2023 and/or that negotiations with IGT would be so protracted and challenging in circumstances in which, in addition to its existing subcontract, IGT had undertaken to the Commission in July 2021 to enter into good faith negotiations with the incoming licensee with a view to agreeing transitional services, software and support during the transition phase and for up to 2 years thereafter and its reasonable fees and costs. The invasion of Ukraine and the significant sanctions imposed were unforeseeable. In any event, the above modifications were not substantial.

VII.2.3) Increase in price

Updated total contract value before the modifications (taking into account possible earlier contract modifications, price adaptations and average inflation)

Value excluding VAT: £8,187,000,000

Total contract value after the modifications

Value excluding VAT: £7,933,000,000