



Lichfield District Lottery

Business Plan

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Introduction & Background

Strategic Context

Lichfield District Council in the County of Staffordshire covers an area of 331km². The district has many settlements with a population total of circa 104,900 (mid-2011 est).

Faced with central government austerity cuts, the council is looking at innovative ways to achieve its ambition and is considering new ways to enable good causes in the community to be able to 'help themselves' in finding new sources of funding. The development of a local authority lottery has recently been proven in a number of other councils and would be suited to the Lichfield area.

This business plan formulates how the lottery will operate including financial forecasts.

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Purpose & Rationale of the Lichfield Lottery

Lichfield District Council has a Strategic Plan which summarises what they do and where they seek to influence other organisations and suggest how communities can help make sure the district has;

- A vibrant and prosperous economy
- Healthy and safe communities
- Clean, green and welcoming places to live

It is envisaged that the Lichfield District Lottery will assist towards achieving these objectives as the groups and good causes that apply to be part of the Lottery and hence become benefactors will be very similar to those who already receive funding through council grants.

Current funding for good causes

Lichfield District Council (LDC) awards discretionary grant funding to a number of good causes and organisations in the area whose activities support the community.

It is proposed that eligibility criteria for groups apply to be part of the Community Lottery would reflect that already in place and would broadly cover:

- known/organised groups in the District
- groups that primarily provide services of use to residents of the District
- excludes religious, political or campaigning groups

The eligibility criteria for good causes to join the lottery is set out later in this plan – appendix 1.

Customer Insight

In developing the Lichfield District Lottery we have explored the delivery of other schemes including the Vale Lottery run by Aylesbury Vale District Council. There has provided secondary research into both player/supporter and good causes and has since been evidenced with the Vale Lottery securing 200 good causes signed up to the scheme.

In turn this has informed the USP for the lottery as being :

- **Delivering the proceeds locally** – a Lichfield lottery would deliver benefits only to local causes, unlike any other provider (the National Lottery)
- **Delivering winners locally** – whilst anyone could play, it is likely that players will be locally based and hence it will be easier to maximise PR value from winners' stories and encourage more participation
- **Facilitating a wider benefit** – the lottery will enable local good causes to fundraise in partnership and hence can be seen as the council enabling causes (some of which it's previously supported) to help themselves.

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- **Helping to improve residents' perceptions** – that LDC has an enabling role in support of good causes.

This business plan recognises that players will fall into one of two camps - those who are attracted by the possible prizes and those who are more altruistically motivated. This lottery proposal focuses on the latter of these groups, but has elements that still should appeal to the more prized focused player.

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Form of the Lichfield District Lottery

In supporting the outcomes of the lottery in the previous section, the focus is on providing a lottery scheme that delivers a high level of funds to the good causes. An External Lottery Management operator, Gatherwell Ltd, will be appointed and their platform offering delivers the following benefits;

- reduced overhead costs - maximising benefits to the good causes
- is simple and easy to understand for the player
- is simple and easy to adopt for the good causes
- promotes repeated but controlled repurchasing - hence providing a steady funding stream for good causes
- emphasises the good cause element of the lottery overall

The form of the Lichfield Lottery therefore is :

- £1 ticket per week with a weekly draw
- Only playable online
- Funded only via Direct Debit, rolling monthly card payment, or block ticket purchase with single payment for 1, 3, 6 or 12 months
- 6 number self selected ticket
- Delivered via an ELM - Gatherwell Ltd

The prize structure and odds for the draws are set out in the table below :

	Prize Structure Winning Odds	£ Prize
6 numbers	1,000,000:1	£25,000
5 numbers	55,556:1	£2,000
4 numbers	5,556:1	£250
3 numbers	556:1	£25
2 numbers	56:1	3 free tickets

Distribution of proceeds from each ticket sold is shown below:

Proceeds Apportionment		
	% Allocation	£ Allocation per ticket
Good Causes	50	£0.50
Prizes	20	£0.20
LDC	10	£0.10
ELM	17	£0.17
VAT	3	£0.03
Totals	100	£1.00

Method of Delivery

Whilst Lichfield District Council is a licensing authority in its own right and hence well aware of the restrictions and technical aspects of lottery management, it has little experience of running lotteries directly. As such this scheme will be delivered through the use of an External Lottery Manager (ELM) Gatherwell Ltd.

The relationship between LDC and Gatherwell is summarised as :

LDC

- responsible for all license related, overall structure, form and control of the Lichfield District Lottery, including explicit agreement to any good cause membership
- delivered via two personally licensed members of staff (**Name and Name**)

Gatherwell Limited

- Responsible for all development and day to day running of the Lichfield District Lottery on behalf of LDC
- this includes player management, financial management (including player funds & prizes and good cause funds), website management and ticket sales.

Gatherwell is licenced by the gambling commission as an external lottery manager running numerous society lotteries in the UK (Licence Number 000-036893-R-317859-005)

In summary LDC sets the strategic approach, and exercises control of the license, and Gatherwell fulfils the day to day delivery of this.

The relationship between LDC and Gatherwell is subject to a contract for the delivery of these services. The one off payment for the Gatherwell platform to be bespoke to Lichfield Lottery is £5k, and all costs then forward are recovered via the players.

Player Population & Financial Management & Modelling

There are c85,948 possible players in the District (ie over 16 and resident). Technically the player population is wider than this, as there is no restriction on player location, however for simplicity this population is assumed to represent the vast majority of players.

Whilst it is difficult to assess the actual take up rates of players for the lottery, this will in part reflect the desire to play, the types and spread of the good causes involved, and the marketing and support given to promote the lottery. The table below sets out a breakdown of possible player levels and the resulting financial split that these would produce.

Year	Ticket Price £	% of LDC Player Pop.	Number of Players	Tickets bought per week	Number of weeks	Gross Return	LDC share (10%)	Good Causes (50%)	Prizes (20%)	ELM (17%)	VAT (3%)
1	1	1.00%	1009	1	52	52468	5247	26234	10493.6	8919.56	1574.04
2	1	1.50%	1514	1	52	78702	7870	39351	15740.4	13379.34	2361.06
3	1	2.00%	2018	1	52	104936	10494	52468	20987.2	17839.12	3148.08
4	1	2.50%	2523	1	52	131170	13117	65585	26234	22298.9	3935.1
5	1	3.00%	3027	1	52	157404	15740	78702	31480.8	26758.68	4722.12

Financial management

Gatherwell Limited will deliver all financial management elements of the lottery.

All funds are held by Gatherwell in a separate client deposit account.

Payments are collected monthly for direct debit and rolling card payments, or upfront in the case of block purchase of tickets (1,3, 6 or 12 months) only. All funds are will be in a financially cleared form prior to any prize draw.

Prize winners are notified by the ELM via email immediately after a draw if they have won. If prizes are not claimed, weekly reminders are sent to players.

The jackpot prize of £25,000 is an insured prize with Emirat (underwritten by Lloyds Banking Group). This avoids the need to accumulate this level of funding in advance. For initial draws prior to the prize pot being built, insurance will also be in place to ensure that any prize payment can be made.

Good Cause funds are similarly held in a separate client deposit account. The good cause donations are distributed to the causes on a monthly basis direct to their bank accounts.

This same process applies to the £0.10 in every ticket to LDC. Any LDC income for good causes will be paid to LDC on a monthly basis and held in separate budget codes within the councils accounting system. Funds are then distributed by LDC

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from these codes on a monthly, quarterly and annual basis. Distribution and selection of good causes who will be in receipt will be governed by the same elected member process set out at the start of this plan. Therefore the process is completely open and transparent.

Any disputes will be managed through the Independent Betting Adjudication Service. (IBAS)

Financial Forecast

The following 5 year forecast illustrates the allocation of income and expenditure for the Lottery. All costs and income are contained with the project.

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%age take up of possible Lichfield DC Player population	Year 1	Year 2	Year 3	Year 4	Year 5	
INCOME						
Start up costs (includes platform costs to Gatherwell and licences/LC membership)	£7,350	£0	£0	£0	£0	
Annual Lichfield DC support	£0	£1,150.00	£1,449.60	£1,750.00	£2,050.40	Licence, lotteries Council membership and marketing
Ticket Sales	£52,468	£78,702	£104,936	£131,170	£157,404	
Sub total	£59,818	£79,852	£106,386	£132,920	£159,454	
EXPENDITURE						
Prize fund	£10,494	£15,740	£20,987	£26,234	£31,481	
Initial Licence application fees	£1,000	£0	£0	£0	£0	
Annual licence fees	£0	£500	£500	£500	£500	
Lotteries Council Membership	£350	£350	£350	£350	£350	
External Lottery Manager	£8,920	£13,379	£17,839	£22,299	£26,759	
Initial Lottery Platform costs	£5,000	£0	£0	£0	£0	
Launch marketing costs	£1,000	£0	£0	£0	£0	Annual Marketing covered by ELM funds.
Annual LDC funding distribution costs	£0	£300	£600	£900	£1,200	
VAT	£1,574	£2,361	£3,148	£3,935	£4,722	
Sub total	£28,338	£32,630	£43,424	£54,218	£65,012	
Expenditure - distribution to good causes						
60% to good causes Lottery pot	£31,480	£47,222	£62,962	£78,702	£94,442	
Sub total	£31,480	£47,222	£62,962	£78,702	£94,442	
Income less all expenditure	£0	£0	£0	£0	£0	

Future developments & marketing

The lottery has been developed to be flexible in form in order to offer 'bolt on' activities to the main lottery to raise player and good cause interest.

An example of this may be the run up period to the first draw, when players signing up to the lottery may be also entered into an additional prize draw to win an item prize such e.g. an ipad. This is to assist with the overall launch and marketing of the lottery.

Other marketing activity will include :

- Advertising through the councils newsletter
- Periodic email sign off attachments to all council emails
- Advertising on the side of council vehicles
- Social Media channels and potential social media advertising
- General promotion of prize winners and good cause benefactors

(in all of the above the regulations around age related marketing and advertising will be adhered to).

Problem Gambling

As part of the councils approach to the lottery we are of course aware of the issues around problem gambling. As set out in the policies submitted to the gambling commission we take this issue seriously, and will be making a donation to support organisations. We do not believe that the form of the Corby Lottery is particularly attractive to those with a gambling addiction as :

- It is being marketed always with the promotion of good causes as its focus
- It is delivered remotely, non-cash based, and takes effort to subscribe to
- There is no instant gratification element
- We provide the ability for players to self-exclude, and have the ability to place blocks or caps on player

Delivery Timeline

The Lichfield District Lottery is predicated on delivery in April 2020 subject to a successful licensing application.

In light of the desirable draw date, Good Cause 'on boarding' is scheduled to start in February, with player 'on boarding' commencing a month ahead of the first draw.

All of the above is subject to Gambling Commission licensing process.

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Appendix 1 - Criteria for joining the Lichfield District Lottery – Good Causes Lottery :

We want to enable as many organisations as possible to join the good causes lottery under the Lichfield District Lottery. As you will be joining under our overall gambling license (Gambling Act 2005) we have to ensure that member organisations meet certain criteria. There is no application fee.

Your organisation must :

- Provide community activities or services within Lichfield District, which are of benefit to the residents of Lichfield District
- Have a formal constitution or set of rules
- Have a bank account requiring at least 2 unrelated signatories
- Operate with no undue restrictions on membership

And be either :

- A constituted group with a volunteer management committee, with a minimum of three unrelated members, that meets on a regular basis (at least 3 times per year)
- A registered charity, with a board of trustees

Or :

- A registered Community Interest Company, and provide copies of your Community Interest Statement, details of the Asset Lock included in your Memorandum and Articles of Association, and a copy of your latest annual community interest report.

We will not permit applications to join the Lottery:

- from groups promoting or lobbying for particular religious or political beliefs or campaigns
- from organisations that do not do work within the boundaries of Lichfield District Council
- from individuals
- from organisations which aim to distribute a profit
- from organisations with no established management committee/board of trustees (unless a CIC)
- that are incomplete

The Council reserves the right to reject any application for any reason.

The Council reserves the right to cease to license any organisation with a minimum of 7 days notice for any reason.

If fraudulent or illegal activity is suspected cessation will be immediate.