

Community Lottery

Report of Councillor Ashley Yeates, Cabinet Member Housing and Community



Date:	12th November 2019
Agenda Item:	5
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Key Decision?	YES
Local Ward Members	Affects all Wards

Cabinet

1. Executive Summary

- 1.1 This report seeks to consider setting up a local community lottery scheme to directly benefit local community groups and charities that play an essential role in reducing the demand on statutory services. They also provide support for some of the most vulnerable in our communities. There are also numerous local community groups and charities that were unsuccessful in bidding for our funds or didn't apply, which could benefit from this opportunity.
- 1.2 This report details the proposal including the performance of other Lotteries of this type and the social/economic profile of the individuals who play. The lottery will be used to create additional funding for the Community and Voluntary Sector. Attached to the report are a number of policies that are required by the Gambling Commission to support any application for a licence.

2. Recommendations

- 2.1 That Cabinet approve the establishment of a local lottery for Lichfield District and the attached Business Case.
- 2.2 That Cabinet approve the preferred option to appoint an External Lottery Management (ELM), approve a waiver of the contract procedure rules and authorise the Cabinet Member Housing and Communities, in consultation with the Head of Regulatory Services Housing and Wellbeing to appoint Gatherwell Ltd as the ELM for a period of 3 years.
- 2.3 That the Head of Regulatory Services Housing and Wellbeing and the Partnerships, Community Safety & Licensing Manager are appointed to be responsible for holding the licence and submitting the necessary application to the Gambling Commission and to approve good causes applications to raise funds through the lottery.
- 2.4 That Cabinet determine a name for the Lottery.
- 2.5 That Cabinet recommend Council approve the policies listed below to govern the operation of the lottery and the Cabinet Member Housing and Communities, in consultation with the Head of Regulatory Services Housing and Wellbeing are authorised to make any minor amendments that may be required to the policies in the future:

- Social Responsibility in Gambling– Appendix B
- Protection from Crime and Disorder – Appendix C
- Implementation Procedures– Appendix D
- Fair and Open Gambling– Appendix E
- Children and vulnerable person protection– Appendix F

- 2.6 That the Cabinet Member for Housing and Community, in consultation with one of the license holders, is authorised to determine if any good cause should be removed or rejected from being a member of the lottery.
- 2.7 That Cabinet appoint We Love Lichfield (administered/governed by the Community Foundation for Staffordshire) to distribute the share of the proceeds the Council is allocated to distribute (10%) received from the lottery on the same basis as they administer the Council’s Small Grants Fund.

3. Background

- 3.1 Lichfield District Council currently supports a range of community and voluntary sector groups within the area through grants totalling £200,000. The sector faces increasing demand (linked to our ageing demographics) and financial pressures as partners cut funding. This requires us to explore new ways of generating income to enable essential support. During the last round of funding bids for the larger grants there was only adequate funds to meet one third of the demand.
- 3.2 There are now over 60 local authorities operating a Community Lottery scheme as a means of accessing new funding to support local good causes and this report seeks to gain agreement to establish one for the Lichfield District.
- 3.3 An outline Business Case for a Lichfield District Lottery has been produced at Appendix G. This would accompany a licence application to the Gambling Commission.
- 3.4 Lotteries have long been a way for smaller organisations to raise income. They are regulated by the Gambling Act 2005. There are different types of lotteries available; this proposal falls within the category of ‘society lotteries’. Society lotteries are promoted for the benefit of a non-commercial society. A society is non-commercial if it is established and conducted:
- For charitable purposes - For the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity
 - For any other non-commercial purpose other than that of private gain

There are two variants of society lotteries, the main difference being who issues the licence – local authorities permit small lotteries and the Gambling Commission permits large lotteries.

A large society lottery

- Has proceeds that exceed £20,000 for a single draw
- Has aggregate proceeds from lotteries in excess of £250,000 in any one year

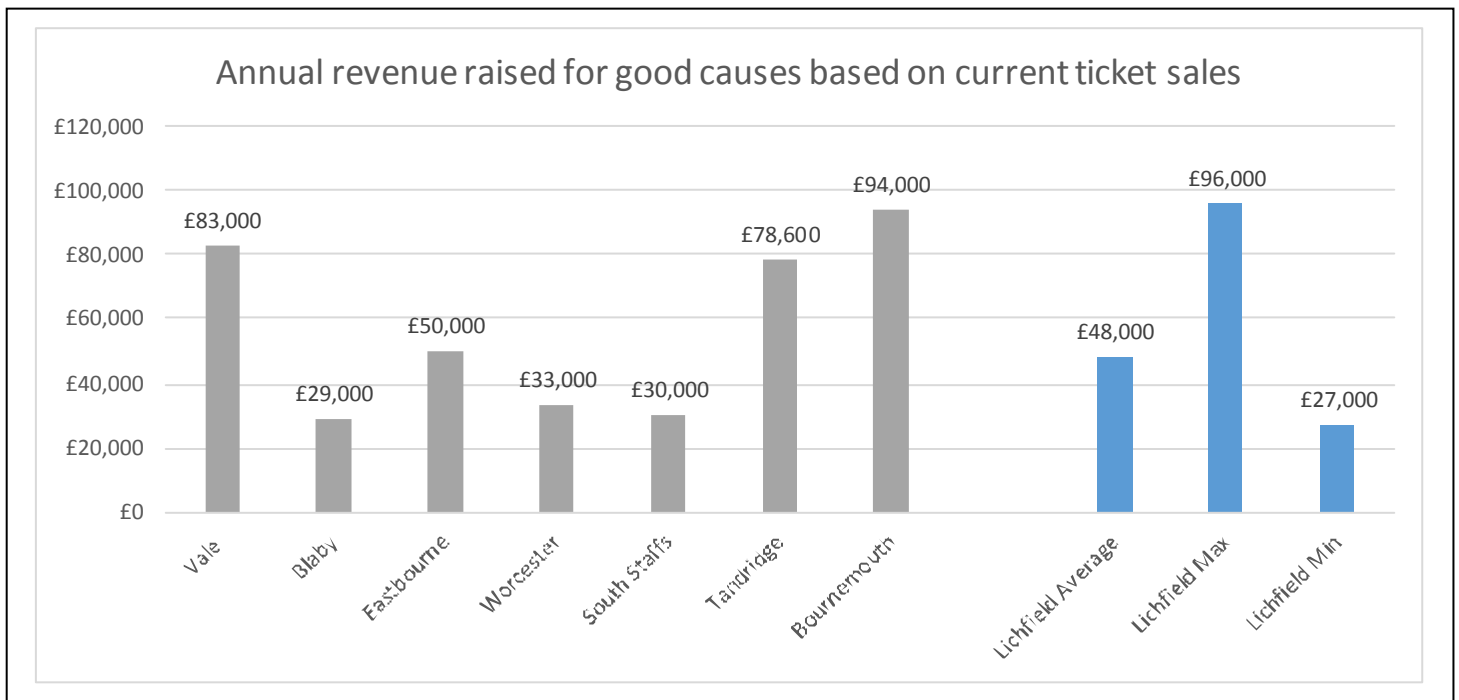
A small society lottery

- Does not have proceeds that exceed £20,000 for a single draw
- Does not have aggregate proceeds from lotteries in excess of £250,000 in any one year

In the case of this proposal we are considering is a ‘large society lottery’

- 3.5 In all cases, lotteries have to deliver a minimum of 20 % of proceeds to good causes - in the option put forward in this report, a total of 60% of proceeds would go to good causes taking part in the Lottery. 50% would go directly to the organisation selling the ticket and 10% would go into a central fund to be distributed by the Council.
- 3.6 The proposal is for a lottery that is focused on:
- *Delivering the proceeds locally* - a Lichfield District Council Lottery would deliver benefits only to local causes; players can be assured that the proceeds will stay in the District.
 - *Maximising benefits to the community* – to bolster support and to help in continuing the good work Lichfield District Council already does with the voluntary and community sector (VCS). To achieve this there needs to be a significant benefit being delivered to the VCS. The proposal in this report has 60 per cent of proceeds being given to good causes, with none of the proceeds generated being taken by Lichfield District Council.
 - *Minimising costs* – through the appointment of a recognised ELM there are minimal set-up costs, meaning the lottery is largely self-financing.
 - *Delivering winners locally*– whilst anyone can play, it is likely that players will be locally-based and hence it will be easier to maximise the value from winners’ stories and encourage more participation.
 - *Facilitating a wider benefit*– whilst the lottery will help current funding of local VCS groups, it will also enable other VCS groups to fundraise in partnership with the local authority and hence can be seen as the council enabling local groups to help themselves. It will enable groups to access lottery funding without facing barriers such as licensing, administration or ability to support such an endeavour.
- 3.7 Concern was raised at a previous meeting of the Community Housing and Health Overview and Scrutiny Committee that those who could least afford to play lotteries spent most playing them. This is the case for some types of lotteries where people are playing in the hope of a large win. Attached in Appendix A is the ACORN data for those who play the Aylesbury Vale Lottery. ACORN data is a consumer classification that segments the UK population. By analysing demographic data, social factors, population and consumer behaviour this shows that the majority of players (82%) come from the three most affluent categories, with only 17% coming from the least affluent.
- 3.8 The tables below provide some comparative information on the performance of other Gatherwell operated lotteries that Councils have set up including the best and worst performers. This data shows that if Lichfield achieved the average return it would provide £48,000 per annum to the sector.

Council	16+ Pop	Time since launch	Annual revenue raised for good causes based on current ticket sales	Number of players	Tickets/ player	% of 16+ population	Revenue per person (+16)
Vale	144,000	4 years	£83,000	1,555	1.73	1.08%	£0.58
Blaby	80,000	18 months	£29,000	569	1.63	0.71%	£0.36
Eastbourne	85,000	16 months	£50,000	837	1.94	0.98%	£0.59
Worcester	83,000	5 months	£33,000	609	1.75	0.73%	£0.40
South Staffs	94,500	24 months	£30,000	571	1.63	0.60%	£0.32
Tandridge	70,500	18 months	£78,600	1,246	2.02	1.77%	£1.11
Bournemouth	165,000	6 months	£94,000	1,585	1.9	0.96%	£0.57
Lichfield Average	85,948		£48,000				£0.56
Lichfield Max	85,948		£96,000				£1.11
Lichfield Min	85,948		£27,000				£0.32



- 3.9 The Community Foundation for Staffordshire administer the awarding of the council's small grants scheme through We Love Lichfield at a cost of £500 per annum. As the community foundation they administer grant funding for a range of organisations and therefore have specialist knowledge and systems to facilitate this. Applications for funding are decided by the We Love Lichfield Panel which includes two LDC members and an officer. This also provides the opportunity for wider publicity and recognition through the We Love Lichfield give away events. So far as the 10% funding the council can distribute under the lottery, adding this to the £23k of small grants funding would enable this to be distributed efficiently and transparently.
- 3.10 **Gambling Responsibly**
- Lotteries are the most common type of gambling activity across the world, and considered to be a 'low risk' form with respect to the emergence of problem gambling. This is because it is a relatively controlled form of gambling and part of the motivation for many individuals will be supporting good causes, with the possibility of winning an added bonus. The Lichfield District Lottery will help mitigate against many of the issues related to addictive gambling by:
- The lottery only being playable via direct debit and by pre-arranged sign up.
 - There is no 'instant' gratification or 'instant reward' to taking part.
 - There will be no 'high profile' activity surrounding the draw.
 - It is possible to put a maximum cap on the number of tickets that an individual can purchase.
- 3.11 In addition, the Lichfield District Lottery website will contain a section providing links to gambling support organisations. In this way the Lichfield District Lottery should not lead to an increase in problem gambling; and the benefits to good causes in the District from the proceeds of the lottery balances against possible negative issues.
- 3.12 Whilst exploring this proposal, Officers have also consulted with the local community and voluntary sector with the following results:
- 18 organisations/number of groups responded.
 - 28% said they wouldn't sign up due to already being signed up to a lottery or for moral or religious reasons. (Although please note proposed eligibility criteria would exclude religious organisations).
 - Many organisations felt it would have a positive impact on their fundraising activities.
 - Groups liked that the scheme would be local to the District.
- 3.13 Staff and Members would all be eligible to play the lottery.
- 3.14 It is proposed that the Lottery will be delivered by an External Licensed Operator (Elm); Gatherwell Ltd on a three year contract. This is a replicable model run by many other local authorities. A waiver is sought from the contract procedure rules to appoint Gatherwell Ltd as they are the only known supplier.
- 3.15 The good causes that raise funds through the lottery will liaise directly with the ELM and they also deal with all ticket sales and related enquiries.
- 3.16 The licence holders or a responsible colleague will be required to approve good causes and monthly payments. All of this is online and automated. If they are unsure of the cause then further information can be requested. The council holds the right to reject or remove any cause.

Alternative Options	<p>The funding the lottery creates could be used to offset possible reductions in the Council's funding of the Community and Voluntary Sector.</p> <p>In essence the options for delivery of a lottery are either in house or through an External Lottery Manager (ELM).</p> <p>In-house - This option would see the setting up of the necessary posts and systems to run a lottery in-house. This has not been fully costed, but it is considered somewhere in the region of a £80-100k for set-up costs alone. This would include a lottery manager and the necessary development of software systems to enable the lottery to run.</p> <p>External Lottery Manager (ELM)- This option would see a partnership with an existing deliverer of lotteries in the market place. This in effect means 'buying in' the skills and expertise of an existing provider and sharing the risk with them to deliver the lottery. The ELM will deliver all aspects of running the lottery, from ticket payments, prize management and licensing, and share with LDC and the good causes the role of marketing.</p> <p>Balancing the set up costs, unknown player numbers and the skills base needed to run a lottery effectively, the preferred option is to use an ELM.</p>
Consultation	<p>Support Staffordshire circulated the survey to all its members in this District and encouraged them to respond and we sent it to all Community and Voluntary organisations we had contact details for, it was also available to all on the website and was promoted through the Council's Social Media platforms.</p> <p>Presentations were also made to the Lichfield and District VCSE Locality Forum and We Love Lichfield Board to promote the consultation.</p> <p>Community Housing and Health Overview and Scrutiny Committee supported the recommendations 2.1, 2.2, 2.3, 2.5, 2.6 & 2.7 presented to them. They requested that all Members and Officers are asked to suggest names for the Lottery to the Cabinet Member. Leadership team recommended changes to 2.2 and 2.3 to request Cabinet grant a waiver of contract procedure rules as there is a risk the income to the ELM could exceed the key decision limit and to authorise officers to approve good causes.</p>
Financial Implications	<p>The setup of the lottery requires an initial investment of circa £1,000 for licensing costs, £5,000 for the Gatherwell operating platform and some marketing and officer time costs (£7,000).</p> <p>Ongoing costs to run the lottery would be the cost of the licence renewal marketing and promotions and managing its performance and suppliers; estimated at £9,700 per annum.</p> <p>The likely net return to good causes of approximately £48,000 per annum by year 2 if taken up by the average number (based on this type of lottery in other Councils) of the eligible population of the District.</p>

The lottery will deliver an income stream direct to the good causes or to the council for distribution with grants, relative to the number of ticket sales.

1. It is estimated that :

Detail	Start-up	Ongoing
Licensing and administration	£1,000	£700
Marketing and Officer time	£7,000	£9,000
Operating Platform	£5000	
Sub Total Direct Costs	£0	£9,700

Total Costs	£13,000	£9,700
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Direct Cost Funding:

Approved Budgets	£0	£0
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Income generated by the lottery will be used to provide additional funding to the VCS.

Contribution to the Delivery of the Strategic Plan

The funding priorities of the grants awarded by the Council are currently linked to the strategic priorities of:

- Vibrant and Prosperous Communities by supporting our residents the local economy, jobs and training.
- Healthy and Safe Communities by helping people to be active and continue to live independently and be involved in volunteering.
- Clean, Green, Welcoming places to live by supporting organisations that encourage and support volunteers who contribute towards protecting our heritage and looking after green spaces.

Funding will also support the County wide initiative of People Helping People and help embed this ethos in our communities.

Equality, Diversity and Human Rights Implications

The local authority can operate this scheme under its general powers of competence as provided by the Localism Act 2011. The scheme would be licensed by the Gambling Commission who would regulate the scheme under the Gambling Act 2005. They would ensure that the organisations participating in the scheme met agreed criteria such as they provide local activities or services, are properly constituted and have governance arrangements.

The Gambling Commission also ensure the scheme is compliant to the licensing code of practice for gambling responsibly.

Crime & Safety Issues

As part of the licence application to the Gambling Commission the Council must have a set of policies purely relating to the scheme which are:

- Social Responsibility in Gambling
- Protection from Crime and Disorder
- Implementation Procedures

	<ul style="list-style-type: none"> • Fair and Open Gambling • Children and vulnerable person protection <p>The scheme involves becoming a member of the Lotteries Council which will ensure the requirement to make a donation to responsible gambling is covered.</p> <p>The scheme itself as explained in the Business Plan is totally on line without any instant gratification and thus is not considered high risk for developing problem gambling. With the maximum proceeds being returned to good causes locally, it is more of a giving scheme as opposed to gambling.</p> <p>Additionally, it is noted that a number of organisations currently supported through discretionary funding can become beneficiaries of the scheme and include those which directly support and work towards community safety activities.</p>
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GDPR/Privacy Impact Assessment	The Lottery scheme will be compliant with GDPR and the privacy notice on the website.
Health and Wellbeing Implications	Voluntary and community groups give their members access to culture and positive activities which enhance their health and wellbeing.
Risks	<p>The key risk to the success of this scheme is that people don't buy tickets to support their chosen good causes. It is imperative that a certain level of marketing is undertaken and the ELM have built in marketing support tools in the operating platform for local good cause administrators to be able to maintain promotions.</p> <p>The business case recommends a certain level of marketing spend by the District Council as the Promoter as well as building reputation for helping good causes and creating local winners through good news story coverage and press releases.</p> <p>The Gambling Commission are the regulators of the scheme which ensures that the Council's reputation is protected.</p>

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Adverse response in the local community to setting up the lottery	Making the beneficiaries and how it operates clear	Green
B	Limited local take up	Positive promotion of the scheme & beneficiaries	Yellow
C	Reputational damage linked to Gambling	Ensure compliance with the Gambling Commissions requirements.	Green

Background documents

Relevant web links