

Agenda Item No: 9

Report To: **Cabinet**

Date of Meeting: 10th October 2019

Report Title: **Local Authority Lottery**

Report Author & Job Title: Michelle Byrne, Funding and Partnership Officer

Portfolio Holder for: Cllr. Peter Feacey, Culture, Tourism and Leisure

Summary: Voluntary Sector organisations are finding it increasingly difficult and time consuming to fundraise sufficient income to ensure sustainability of the much needed community services they provide. In order to support the voluntary sector and help their growth, it is proposed to introduce a local authority lottery scheme, which will assist local good causes to raise funds for their own projects and possibly provide a regular income stream to support delivery and capacity. The scheme has a secondary benefit of promoting and raising the profile of the valuable work of the local voluntary sector and their offer.

This report seeks Members approval to undertake the necessary legal and project management tasks to develop and deliver a local authority lottery scheme for the benefit of the local voluntary sector and the residents of the borough.

Key Decision: Yes

Significantly Affected Wards: Borough wide

Recommendations: **The Cabinet is recommended to:-**

- I. Agree for a set up budget of circa £11,000 to be allocated that will enable a local authority lottery scheme to be launched, and**
- II. Authorise the Head of Culture, Leisure and Tourism, and the Head of Legal and Democracy in consultation with the Portfolio Holder for Culture, to agree and settle all necessary licences, legal requirements and documents and to contract with an External Lottery Manager to deliver an appropriate local authority lottery scheme for the Ashford Borough.**

Policy Overview: The Council is committed to supporting the Voluntary and Community Sector and acknowledges that their quality services are an important part of delivering the Council's aspiration for active, healthy, strong communities.



Financial Implications: Initial set up costs and launch of the scheme is approximately £11,000, which includes £5,000 for marketing to ensure the scheme is promoted and advertised widely to maximise its exposure, raise the profile of the local good causes registered, generate interest and encourage lottery sales. Ongoing annual costs are circa £700 to cover the required licence fee and lottery council's membership. This amount is paid by the Council to the Gambling Commission and could be funded from ticket income from the lottery scheme. Ongoing marketing is also important and will be supported as part of available resources.

Legal Implications Local Authority Lottery schemes are regulated by the Gambling Commission under the Gambling Act 2005 and must be run under an operating licence issued by the Commission, which the Council will apply for and hold annually. In line with other successful local authority lottery schemes, an experienced External Lottery Manager (ELM) will be procured to administer the lottery on behalf of the Council to ensure adherence to the Lotteries Commission requirements.

Equalities Impact Assessment A summary is provided in the document.

Other Material Implications: -

Exempt from Publication: -

Background Papers:

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Introduction

1. This scheme responds to the growing concern of sustaining a quality voluntary and community sector and members will be aware of the valuable services they deliver across the borough. Collectively they significantly contribute to the health and wellbeing of many different groups and those most vulnerable.
2. Whilst the sector is often successful in securing project funding, it is finding it particularly hard to access grants that will support the on-going revenue costs of its organisation such as rent, utilities, insurance and volunteer expenses. Thus, officers have investigated how the Council could support the sector and propose running of a local authority lottery.
3. Local authority lottery schemes are growing in popularity, as a way of providing a platform supported by the Council that benefits individual organisations in their fund raising effort. There is currently 37 local authority lottery schemes listed with the Lotteries Commission. Since the first lottery scheme, the Aylesbury Vale lottery, launched in 2015, it is reported to have generated more than £200,000 for local not for profit groups and more than 200 good causes are benefiting from their lottery.
4. Local Authority Lottery schemes are regulated by the Gambling Commission under the Gambling Act 2005 and must be run under an operating licence issued by the Commission. Typically, local authorities employ an External Lottery Manager (ELM) to administer the lottery on their behalf and ensure adherence to the Lotteries Commission requirements. There are a number of ELMs operating.

The Proposed Scheme

5. All business of the lottery scheme including purchase of tickets, weekly draws, notification and payment of prizes and payment of income to the registered local good causes are conducted on line. This is wholly managed by the ELM on behalf of the Council.
6. The cost of a lottery ticket is £1 and players must register with the scheme online in order to buy tickets.
7. Local good causes are registered onto the scheme by the Council and explain their individual service and projects. The lottery ticket player allocates which local good causes they wish to receive 60% of the ticket sale i.e. for every pound purchased by a player, they allocate 60p to their chosen local good cause or causes registered on the scheme.
8. The Council will need to set the eligibility criteria for registration by not-for-profit local groups (called good causes). It is proposed that the Portfolio Holder for Culture, Tourism and Leisure, in consultation with appropriate

Portfolio Holders, sets the criteria that officers will then apply to ensure appropriate and ongoing registration by local good causes. Such criteria could include a maximum turn over value to support smaller voluntary and community sector organisations (e.g. average over 3 years of £300K).

9. The remaining 40% of lottery ticket income is used to fund the prizes, the management and registration of the scheme and VAT.

Implications and Risk Assessment

10. For the scheme to succeed in terms of take up and thus delivery high benefit to registered good causes it requires wide promotion, including a launch event, and ongoing marketing that maintains the profile of the scheme once running, including member endorsement in their own wards.
11. Checks built into the registration process for good causes, and ongoing monitoring, similar to those currently applied to the community grants scheme, will mitigate the risk of fraudulent or badly governed good causes signing up to the scheme.
12. A number of measures will be introduced to reduce the risk of problem gambling. Limits will be put in place to ensure individuals cannot buy excessive numbers of tickets. All players must be registered with the scheme before they can play and the online ticket purchase process does not give instant gratification, which is often a driver for excessive gambling.
13. Promotion of the scheme will comply with advertising codes of practice, the Gambling Industry Code for Socially Responsible Advertising and the website will include links to Gamble Aware. Policies to protect individuals from addictive and excessive gambling will be developed and adopted.
14. All financial risk including prize payments is held by the ELM who is insured appropriately.

Equalities Impact Assessment

15. The scheme's processes and registration criteria will ensure that all requirements under equalities legislation will be met and monitored.

Consultation Planned or Undertaken

16. Consultations have taken place with other local authority lottery providers and is on-going with the local Voluntary and Community Sector, although initial conversations with good causes are extremely positive.
17. The review of existing schemes has overwhelmingly proved that Councils are in full support of their lottery schemes given the good management by external lottery experts and the additional funds being raised for the local voluntary sector. They all stressed the need for quality promotion of the scheme to raise its profile and that of the good causes and ensure marketing is ongoing.

Options and Reason for Recommendation

18. The introduction of a local authority lottery will increase and diversify the Council's support of the voluntary and community sector whilst supporting the sector to raise their profile and be proactive in become more self-sustaining. It puts limited pressure on the Council's budget and management of the scheme is supported by the proceeds with limited but appropriate monitoring and support by existing Council staff once set up and running.

Next Steps in Process

19. If approved, next steps will be to agree the criteria of scheme, procure and contract the ELM, and focus on the development of the externally managed web site, whilst addressing the requirements of the Gambling Commission e.g. supporting policies, identifying the Personal Management Licence (PML) Holder and registering with the Lotteries Council. This will require funding of around £6,000.
20. As mentioned above promotion of the scheme and raising public awareness and sign up by players is important to the success of the scheme hence the set up costs include £5,000 for marketing and corporate marketing support will also be crucial.
21. Consultation with other Council's suggests set up can take up to a year particularly given the permissions and licences required but officers will endeavour to bring forward the scheme as swiftly as possible.

Conclusion

22. Consultations with other Local authorities running lottery schemes has shown they can be very successful in providing a regular source of increasingly hard to secure revenue funding to sustain local not for profit groups.
23. Adherence to Gambling Commission requirements and reduction of risk will be ensured by contracting and monitoring an experienced external lottery manager to run the scheme on the Council's behalf while still providing the Council with overall control of the scheme and how it is run.

Portfolio Holder's Views

24. As a champion of the valuable work of the voluntary and community sector, I fully support the approach and benefits that this local authority lottery scheme can achieve. I thank the officers for their thorough research into local authority lottery schemes and have been reassured by their positive impact and growing popularity, thus I recommend the Council accept the recommendations herein.

Cllr Peter Feacey

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