

# **Cherwell District Council**

## **Executive**

**2 July 2018**

### **Cherwell Community Lottery – Lottery Policy**

#### **Report of Assistant Director - Communities**

This report is public

#### **Purpose of report**

In order to deliver the Cherwell Community Lottery approved in December 2016 it is necessary to establish and publish The Cherwell Community Lottery Policy and associated policies and procedures. This will support the Council's application to the Gambling Commission, and underpin the effective running of the Cherwell Community Lottery.

#### **1.0 Recommendations**

The meeting is recommended to:

- 1.1 Approve establishment of the Cherwell Community Lottery Policy as set out at 3.4 below, and the associated procedures set out at annex 1 (attached).
- 1.2 Recommend Full Council to delegate responsibility for running the Cherwell Community Lottery to the Assistant Director – Communities
- 1.3 Recommend Full Council to delegate authority to the Assistant Director – Law & Governance to amend the Constitution and the Scheme of Delegation to reflect 1.2 above.
- 1.4 Approve Cherwell District Council becoming a member of The Lotteries Council.
- 1.5 Direct officers to develop criteria for the acceptance of supported 'Good Cause' organisations.
- 1.6 Direct officers to develop draft criteria for the distribution of the Cherwell Community Lottery 'Central Fund'.
- 1.7 Direct officers to apply to the Gambling Commission for a Lottery Operator Licence which will require the appointment of two senior Council officers to be identified as 'named officers' on the operator licence for the purpose of the application and 'in-house' responsibility for the lottery once it is up and running. The named officers shall be the Executive Director Wellbeing and the Assistant Director Communities.

## **2.0 Introduction**

- 2.1 At its meeting on 5 December 2016, Executive resolved to launch an online and fully automated Cherwell Community Lottery that will help fund discretionary support to voluntary and community (VCS) organisations active in Cherwell and to enable such organisations to raise funds directly for themselves.
- 2.2 It was agreed that the Council would be an enabler and use the services of an External Lottery Manager (ELM) to run the lottery. An ELM (Gatherwell Ltd) has been appointed.
- 2.3 This report recommends enabling measures, to support the establishment, launch and running of the Cherwell Community Lottery.

## **3.0 Report Details**

- 3.1 The 'Legal Implications' section of the 05/12/2016 Executive report stated "Licence holders and operators must comply with legislation and are regulated by the Gambling Commission". To minimise risks such as underage gambling, weak financial management and potential fraud, the proposed Cherwell Community Lottery will operate within the law and follow the Gambling Commission's operational guidelines.
- 3.2 Whilst Gatherwell will run the lottery on a day to day basis, CDC is ultimately responsible for it, and as such, must hold a Lottery Operator Licence from the Gambling Commission. Gatherwell has advised that CDC will need to have a lottery policy in place in order to make a successful application to the Gambling Commission.
- 3.3 The proposed Lottery Policy is comprised of six principles (set out at 3.4 below). The policy has been written with regard to guidance from Gatherwell and the Gambling Commission. Each of the six principles is accompanied by a set of procedures, setting out how the Council will implement the particular principle (see annex 1, attached).

### **Proposed Lottery Policy:**

- 3.4 The proposed Lottery Policy is distinct from the Council's mandatory Gambling Act 2005, Policy Statement. In running its Lottery, Cherwell District Council will ensure that:
  1. The Lottery is promoted in a socially responsible manner in, to protect individuals from excessive and addictive gambling.
  2. Children and other vulnerable persons are protected from being harmed or exploited by the Lottery or gambling. The lottery will only be open to those aged 16 years and over.
  3. The Lottery is conducted in a fair and open way.

4. Cherwell District Council and the Lottery are protected from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.
5. All relevant officers and members are aware of their legal obligations in running a successful and legally compliant lottery.
6. An Anti-Money-Laundering Risk Assessment shall be carried out by the council's external lottery manager every two years and reported to Cherwell District Council.

### **Delegation of Powers**

- 3.5 Authority for a council to operate a lottery derives from the Gambling Act 2005 (part 5, section 98.1). The Council's constitution (February 2018) delegates all matters under the Gambling Act to the Assistant Director – Environmental Health and Licensing, under the subcategory of 'Licensing'.
- 3.6 As this proposal is to operate a lottery for the purpose of providing discretionary support to VCS organisations, as opposed to carrying out a regulatory function pursuant to the Gambling Act 2005, it is recommended that the Assistant Director – Communities should be made specifically responsible for the Lottery. The Assistant Director – Law and Governance has advised that Full Council be recommended to resolve that the Assistant Director – Communities be delegated authority for the purpose of the Lottery, and that the Assistant Director – Law and Governance be delegated authority to amend the Constitution and the Scheme of Delegation accordingly.

### **Lotteries Council**

- 3.7 Gatherwell has recommended that CDC should join The Lotteries Council, which is the trade body for organisations running community lotteries. Membership will give the Cherwell Community Lottery access to an external complaints resolution service, and contribute on the Council's behalf to the Responsible Gambling Trust. Both of these are Gambling Commission requirements for Community Lottery Licence holders. Through its membership of the Lotteries Council, CDC will also contribute to the research of Gamcare and Gambleaware which provide help and support to those who may require assistance with problem gambling and whose contact details will be provided on the Cherwell Community Lottery website.

### **'Good Cause' Partners**

- 3.8 50% of the takings of the Cherwell Community Lottery will go directly to local 'Good Causes', which will be not-for-profit organisations that have signed up and encouraged their supporters to buy Cherwell Community Lottery tickets. Before launching the lottery, the Council will need to set clear and fair guidelines regarding which kinds of organisation are eligible to sign up as 'Good Causes', and which are not. Through its membership of the Lotteries Council, CDC will also contribute to the research of Gamcare and Gambleaware which provide help and support to those who may require assistance with problem gambling and whose contact details will be provided on the Cherwell Community Lottery website.

## **Central Fund**

- 3.9 10% of the takings will go to a 'Central Fund' held by Cherwell District Council, for distribution as grants. Before launching the lottery, the Council will need to set clear and fair guidelines regarding who can apply for these grants, and what they may be used for.
- 3.10 20% of the takings will be redistributed as prizes, with the remaining 20% taken up by the fees and running costs of the ELM, and by VAT levied on those costs.

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 Adoption and publication of the Cherwell Community Lottery Policy and membership of The Lotteries Council will enable Cherwell District Council to make a robust application to the Gambling Commission for a Lottery Licence.
- 4.2 Explicit delegation to the Assistant Director – Communities draws a clear line between the council's licensing / enforcement duties and its community development functions.
- 4.2 Clear and fair guidelines regarding 'Good Cause' and grant eligibility will enable the smooth running of the Cherwell Community Lottery and demonstrate the Council's commitment to local community development.

## **5.0 Consultation**

None

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To not adopt the Cherwell Community Lottery Policy – This would mean that an application for a Lottery Licence would be unlikely to be successful.

Option 2: To not delegate authority for the Lottery to the Assistant Director – Communities – This would lead to two service directorates being involved in the Lottery whereby the day-to-day running of the Lottery would rest with Communities while overall responsibility for the Lottery would remain with Public Health and Licensing. This is considered likely to result in 'disconnect' and confusion.

Option 3: To not require clear and fair guidelines regarding 'Good Cause' and grant eligibility – This would make the lottery difficult to manage and increase the likelihood of challenges in the event of the Council declining 'Good Cause' or grant applications.

## **7.0 Implications**

### **Financial and Resource Implications**

- 7.1 This proposal would help fund discretionary support to the Voluntary and Community Sector (VCS) and enable such organisations to raise funds directly for themselves.
- 7.2 All funds raised through the Cherwell Community Lottery would be spent within the district and benefit local people and communities. Apart from licensing and promotion costs, the Cherwell Community Lottery would be self-funding.
- 7.3 The estimated costs to the Council (which can be met from existing approved budgets) are:
- £1,000 annually for licensing and administration costs;
  - £3,000 start-up (one-off) cost of ELM set up fee.

There will also be an estimated cost of £1,500 for marketing in the first year, with on-going estimated £350 annually to promote the Cherwell Community Lottery. The ELM will provide marketing materials directly to the Council as well as those VCS organisations that have joined the Cherwell Community Lottery; the funds the Council set aside would be used for branded materials (for example pull up banners).

- 7.4 Inevitably, some officer time would be required to establish the lottery and ensure its administration. This can be managed within existing resources of the Community Funding Officer (joint worker) with the support of the Commercial Development Team.
- 7.5 The jackpot is an insured prize. It is a guaranteed pay out of £20,000 per winner (even if multiple people win the jackpot it is not shared or rolled over). This arrangement protects the Cherwell Community Lottery from financial difficulty.
- 7.6 The Council will conduct due financial diligence of the External Lottery Manager (ELM).

Comments checked by:

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### **Legal Implications**

- 7.7 While the Council has contracted the management, delivery and day-to-day running its community lottery to Gatherwell Limited, a registered External Lottery Manager, the Council retains overall responsibility for the lottery and compliance with the relevant legislation and regulations.
- 7.8 To operate its community lottery, the Council must first obtain from the Gambling Commission a Lottery Operator Licence. The Gambling Commission requires holders of a Lottery Operator Licence to have in place a lottery policy, a copy of which must be submitted with the application for a Lottery Operator Licence.

7.9 At the time of application, the Council is required to advance to the Gambling Commission two senior officers who will be named in a Schedule to the Council's Lottery Operator Licence. These officers shall comprise the Executive Director Wellbeing and the Assistant Director Communities who will be ultimately responsible for the running of the lottery and regulatory compliance, including the upholding of the licensing objectives prescribed in the Gambling Act 2005, namely:-

- preventing the lottery from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- ensuring that gambling is conducted in a fair and open way
- protecting children and other vulnerable people from being harmed or exploited by the lottery

7.10 The Cherwell District Council Community Lottery Policy ("the Policy) is appended to this report. The Policy has been prepared on the basis of template documents provided by Gatherwell Limited and guidance issued by the Gambling Commission.

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## 8.0 Decision Information

**Financial Threshold Met:** No

**Community Impact Threshold Met:** Yes

### Wards Affected

All

### Links to Corporate Plan and Policy Framework

Link to CDC Business Plan Strategic Priority: Thriving Communities

### Lead Member

Cllr Andrew McHugh, Lead Member for Health and Wellbeing

### Document Information

Appendix No	Title
1	Draft Gambling Policy with associated procedures
<b>Background Papers</b>	
None	
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