

Cherwell Community Lottery Policy

The Cherwell Community Lottery administration services will be undertaken on a Service Level Agreement by Gatherwell Ltd as the External Lottery Manager (ELM) with Cherwell District Council having ultimate responsibility. The Cherwell Community Lottery Policy and the six principles thereof have been devised in accordance with guidance from Gatherwell Ltd and the Gambling Commission.

Principle 1: Gambling will be promoted in a socially responsible manner, in order to protect individuals from excessive and addictive gambling

Cherwell District Council is aware of its social responsibility to protect individuals from excessive and addictive gambling.

Cherwell District Council will ensure that:

1. Limits are put in place to ensure individuals cannot buy excessive numbers of tickets:
 - 1.1. This therefore restricts the capability for individuals to gamble beyond their means or gamble what they cannot afford.
 - 1.2. These limits will be monitored to see how many players reach them and may be reduced correspondingly if required.
 - 1.3. These limits are clearly highlighted at the point of purchase online.
2. Accounts require validation and set up:
 - 2.1. In the instances of direct debit the Direct Debit Guarantee ensures a time lag between ticket purchase and the first draw.
 - 2.2. As draws take place once per week, ticket purchases are therefore not capable of being purchased for immediate play and
 - 2.3. For internal process reasons, even credit & debit card payments cannot facilitate instant play into a draw for that week and a minimum of one day's lag will be effective.
 - 2.4. The combination of these factors does ensure it limits the capability to facilitate instant gambling and therefore significantly reduces the risk of gambling whilst under the influence of drink or other substances.
3. It is not possible to borrow money or be entered for lottery draws unless cleared funds have been accepted. No exceptions will be made to this position.
4. The system data provides facilities to track major changes in the lottery participation. Any significant outliers in the numbers of tickets will be investigated as part of ongoing assessments on the correct levels for ticket participation.
5. A process for self-exclusion from lottery participation exists to allow anyone to self-exclude from all propositions (existing or future).
6. Links to relevant support websites (www.gamcare.org.uk and www.gambleaware.co.uk) as well as the National Gambling Helpline, are made available on the Cherwell Community Lottery website to direct anyone to help and support should they need help from gambling additions. Cherwell District Council is also a contributing member to the Lotteries Council and has access to its research and support services. Cherwell District Council will also contribute to the research of Gamcare and Gambleaware through its membership of the Lotteries Council.

Principle 2: Children and other vulnerable persons will be protected from being harmed or exploited by gambling.

Cherwell District Council understands its requirements as part of the Licence Conditions and Codes of Practice (LCCP) and takes its responsibilities to the protection of children and vulnerable persons very seriously.

1. Cherwell District Council will ensure that:
 - 1.1. It complies with the legal requirement to prevent the sale of lottery tickets to under 16's.
 - 1.2. All new players are required to self-validate their age through both a positive tick-box confirming that they are aged over 16 years and date of birth validation.
 - 1.3. Spot checks are taken of new players and players are subjected to further Age Verification validation.
 - 1.4. As a final check before any jackpot prizes are issued, secondary age validation is also sought (passport, driving licence etc.)
2. Players are aware of the age limitations:-
 - 2.1. Clear statements will be displayed on the various websites relating to the required age to play, the age requirement is also highlighted in the terms and conditions that the player signs up to at registration.
 - 2.2. In addition, Gatherwell Ltd has enabled its Cherwell Community Lottery gambling website to permit filtering software to be used by adults (such as parents or within schools) in order to restrict access as relevant.
3. Should it come to pass that the age verification checks proved inaccurate and someone underage had gambled, then the user account would be suspended and monies returned.
4. Marketing falls into two areas:-
 - 4.1. Firstly in encouraging good cause participation (where there is a low risk of exposure to children and vulnerable people); and
 - 4.2. Secondly in the development of materials that support participation of the individual lotteries.
 - 4.2.1. In this area generic marketing materials are used which can be tailored to deliver a marketing package to each individual good cause to help them market their lotteries.
 - 4.3. To ensure compliance with the Advertising Codes of Practice advertising materials will regularly be submitted to the Committee of Advertising Practice (CAP) for approval.
5. As recruitment is undertaken to fill vacancies, if exposed to the direct selling of tickets then:-
 - 5.1. Applicants will need to be of a legal age to do so and educated on the legal requirement to not sell tickets to those under the age of 16.
6. Player Accounts require validation and set up.
 - 6.1. In the instances of direct debit the Direct Debit Guarantee ensures a time lag between ticket purchase and the first draw.
 - 6.2. As draws take place once per week, ticket purchases are therefore not capable of being purchased for immediate play and
 - 6.3. For internal process reasons even credit & debit card payments cannot facilitate instant play into a draw for that week and a minimum of one day's lag will be effective.

- 6.4. The combination of these factors does ensure it limits the capability to facilitate instant gambling and therefore significantly reduces the risk of gambling whilst under the influence of drink or other substances.

Principle 3: The Lottery will be conducted in a fair and open way.

Cherwell District Council is committed to complying with the Gambling Act 2005, The Gambling Commission's Licence Conditions and Codes of Practice (LCCP); the Committee of Advertising Practice (CAP) and Broadcast Committee of Advertising Practice (BCAP) code.

Cherwell District Council will:

1. Utilise the services of Gatherwell Ltd, which is an External Lottery Management company, ensuring that the lottery is delivered on a financially sound basis, as:-
 - 1.1. The financial structure of the lottery ensures that revenues are received prior to the running of any draw.
 - 1.2. Each draw is self-funded in terms of the liabilities that then arise (prizes, good cause donations, etc.).
 - 1.3. No players' tickets will be included in the draw unless cleared funds have been secured.
 - 1.4. The prize fund and good cause donations are calculated on a % basis of the revenue pot therefore ensuring sufficient funds will always be in place.
 - 1.5. Jackpot prizes are funded through an underwritten insurance policy provided by a reputable underwriter established in the UK, again paid for as a % of each entry.
 - 1.6. Gatherwell Ltd will ask its Board and staff to declare any conflict of interest in any potential target clients, in addition to the specific requirement to comply with the law for existing clients.
2. Utilise the services of Gatherwell Ltd, which is an External Lottery Management company, which will be responsible for ensuring that all technical solutions remain within scope of the law:-
 - 2.1. These include testing procedures for both existing, upgraded and new software propositions.
 - 2.2. Ensuring that all servers are located in the UK.
 - 2.3. Ensuring that software protocols and administrator access is limited to core personnel.
 - 2.4. Ensuring that all contractors and third party suppliers are advised of the relevant standards before they are allowed to deliver technical support. Access will be limited to the scope of their work and monitored and logged accordingly.
3. Gatherwell will ensure that all terms and conditions are available for participants on the various websites of the Cherwell Community Lottery, including the main www.cherwell.gov.uk website, and that:
 - 3.1. As part of the sign up process for new participants, new participants are asked to agree acceptance of the terms and conditions at the time of signing up. New accounts cannot be created unless the terms and conditions are accepted.
 - 3.2. Participants will be advised of changes to the terms and conditions via pop-ups on the Cherwell Community Lottery website. In exceptional circumstances, all participants can be emailed a link to advise them of the new terms and conditions.

4. Gatherwell Ltd will ensure that the terms and conditions detail the complaints procedure should participants need to raise any issues or concern, both internally at Cherwell District Council and externally though the use of an independent arbiter should resolution not be found.
5. Ensure that no loyalty or reward schemes are being offered.

Principle 4: Cherwell District Council will protect itself from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime.

This Policy is beholden to the Proceeds of Crime Act 2002 (see <http://www.legislation.gov.uk/ukpga/2002/29/contents>) & The Anti Money Laundering (AML) Regulations)

1.1 Proceeds of Crime Act 2002 : - *“An Act to establish the Assets Recovery Agency and make provision about the appointment of its Director and his functions (including Revenue functions), to provide for confiscation orders in relation to persons who benefit from criminal conduct and for restraint orders to prohibit dealing with property, to allow the recovery of property which is or represents property obtained through unlawful conduct or which is intended to be used in unlawful conduct, to make provision about money laundering, to make provision about investigations relating to benefit from criminal conduct or to property which is or represents property obtained through unlawful conduct or to money laundering, to make provision to give effect to overseas requests and orders made where property is found or believed to be obtained through criminal conduct, and for connected purposes.”*

1.2 The AML Regulations require relevant businesses to:

- 1.2.1 put in place procedures to verify the identity of customers on entering into a business relationship or transaction and to carry out ongoing monitoring during the business relationship.
 - 1.2.2 keep records obtained in establishing customers’ identities and of business relationships for five years
 - 1.2.3 train employees in the relevant procedures and law.
 - 1.2.4 appoint a nominated officer whose role includes reporting to THE National Crime Agency (NCA), or its successor, suspicions of money laundering activity.
 - 1.2.5 put in place and maintain policies and procedures to cover the requirements listed above.
- 2 Cherwell District Council is a professional operation and takes seriously its responsibilities to ensure all players of their society lottery are operating within the law. Cherwell District Council will ensure that:
 - 3 It employs the services of Gatherwell Ltd, a Remote External Lottery Management company, that therefore mainly takes transactions electronically though either direct debit, credit card & debit card. No cash payments can be used for payment, mitigating the chance for the passing of counterfeit money.

- 4 A number of safeguards are in place to validate players' identities as part of the account verification process. Additionally safeguards are in place to ensure that ticket purchases are not excessive, therefore mitigating the risk of money laundering. If players tried to purchase excessive tickets then the system controls built into the software algorithms will advise the player that they have exceeded the number of tickets possible and stops the transaction.
- 5 The software resides on secure servers. These reside behind encrypted firewalls and offer bank level security protocols in the transfer of electronic data. Additionally they are situated in a secure data centre managed by Disclosure and Baring checked staff.
- 6 All transactions for the software will have full audit trails of every transaction made including timestamps. These audit trails will ensure that should any suspicious activity be identified a full investigation by Gatherwell Ltd staff or law enforcement bodies can be undertaken.
- 7 In an effort to minimise the risk of fraudulent behaviour and demonstrate impartiality throughout, the main Lottery draw each week takes the results from an independently drawn lottery (currently identified as the Australian Super 66). This ensures no fraudulent activity can be taken in the generation of the winning set of numbers for the draw. To ensure compliance at an entry level into the system, these numbers will need to be entered separately by two of the directors of the business each week. The smaller local level prizes are generated based on a random ticket selection from existing purchased tickets by an algorithm within the software.
- 8 Whilst by its definition a lottery is a random game of chance and therefore offers little opportunity for collusion or cheating, any suspicion of malpractice will result in the immediate blocking of the users account.
- 9 Any evidence of illegal behaviour by staff will initiate a full investigation, during which time the member of staff will be suspended from duties to ensure the full protection of the players, staff and reputation of the business.
- 10 All companies who provide fundamental services in the provision of the service (e.g. Direct Debit Bureaux, age verification service providers, prize fund insurance etc.) undertake rigorous validation in terms of their suitability, credibility and reputation. This includes full financial health checks and references where required.

Principle 5: All relevant officers and members will be aware of their legal obligations in running a successful and legally compliant lottery.

Cherwell District Council takes its legal responsibilities very seriously and requires that all relevant officers and members are aware of their legal obligations in running a successful and legally compliant Lottery. Cherwell District Council will ensure that:

1. Officers and members newly taking on responsibility for the Cherwell Community Lottery will be provided with online training via Gatherwell Ltd as part of the induction process. The level will be appropriate to the role, but will cover:

- The Gambling Act 2005
- The Licence Conditions and Code of Practice (LCCP)
- The role and responsibilities of a licence holder

Advice will be provided by Gatherwell in terms of the Committee of Advertising Practice (CAP) and Broadcast Committee of Advertising Practice (BCAP). The process for highlighting any evidence of non-compliance will operate in accordance with Gatherwell's Information Security Breach Reporting Procedure.

3. All relevant officers and members are aware of their legal responsibilities, and compliance is a standard agenda item at review meetings that shall take place between Cherwell District Council and Gatherwell Ltd on a six monthly basis.
4. Annual refresher courses for relevant officers and members will be run by Gatherwell Ltd as an online training course to maintain knowledge and compliance.
5. Ad hoc on the job training forms part of the development of staff and focus areas for development are identified during the annual appraisal process.
6. Training records will be kept as part of the personnel record of individuals and a register of key training delivered and renewal dates maintained by the Human Resources Department of Cherwell District Council.
7. Training will be delivered online via Cherwell District Council's External Lottery Manager (ELM), Gatherwell Ltd.
8. Cherwell District Council will review the Cherwell Community Lottery policy and procedures at least every two years.

Principle 6: An Anti-Money Laundering Risk Assessment shall be carried out and periodically reviewed at least every two years.

The risk assessments and reviews shall be carried out by Gatherwell Ltd and be reported to Cherwell District Council.

1. Principal risk areas of Gatherwell Ltd lottery systems being abused for anti-money laundering (AML) practices fall into 2 key areas:
 - 1.1. Criminal laundering of money through the purchase of tickets on one of Gatherwell Ltd's lottery sites and subsequent winnings from draws to be taken as 'cleansed' money.
 - 1.2. False registration and representation of good causes on one of Gatherwell Ltd's lottery sites against which tickets are purchased to launder illegally acquired funds and to be extracted through the false pretence of funds raised for a good cause.
2. Barriers and restrictions that are currently in place to deter the above practices are as follows:-
 - 2.1. Ticket purchases are limited per participating player therefore making it impossible to buy a large amount of tickets, therefore activity would require the registration of an extremely large number of individual user accounts for money laundering of significant value.

- 2.2. The maximum return possible from laundering through the purchase of tickets is extremely low in comparison to other gambling activities. Statistically, a maximum of 26% of proceeds are allocated to prizes across all of Gatherwell Ltd's lottery campaigns.
 - 2.3. In order to ensure the legitimacy of the good causes registered on Gatherwell Ltd sites, there is a good cause validation process in place for all sites. For the Cherwell Community Lottery a cause application and approval workflow process is in place whereby Cherwell District Council itself has a duty to verify the identity of every good cause prior to approving their inclusion and set up on their lottery website. This workflow is comprehensively tracked and logged on system records.
3. The outcome of the high level assessment of risk is as follows:-
- 3.1. Gatherwell Ltd lottery systems present a low risk of money laundering practices for the following reasons:
 - 3.1.1 Transactions are limited to only small sums of money and would therefore require a lot of effort in the setting up of a large number of accounts to make the exploitation of Gatherwell Lotteries a worthwhile laundering activity.
 - 3.1.4 Setting up a good cause requires certification/validation from authorised government bodies which in itself is a deterrent.
 - 3.1.5 The overall combination of risk, reward and effort would mean that Gatherwell Ltd is at low risk especially in comparison to alternative gambling activities.

Sarah Burns

Community Funding Officer

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