

Cherwell District Council

Executive

5 December 2016

Community Lottery

Report of Commercial Director

This report is public

Purpose of report

To gain agreement to launch an online and fully automated Cherwell 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.

The proposal is for the Council to be an enabler and use the services of an External Lottery Manager (ELM) to run the lottery.

1.0 Recommendations

The meeting is recommended:

1. 1 To agree the proposal that an online Cherwell Lottery be launched as detailed in the attached business case. This includes a financial contribution and in-kind support, subject to this being funded from existing resources.
- 1.2 That subject to procurement, due diligence and procurement in compliance with the Joint Contract Procedure Rules, the Council uses an external lottery manager (ELM) to run and operate the lottery and shares the risk of running it with them.
- 1.3 That the Council agrees to provide £3K for set-up costs and £1k for the annual license and administration costs. In the first year the Council allocates £1.5K for marketing funded from existing resources, and £350 annually for on-going marketing (the majority of marketing material is paid for by the External Lottery Manager).
- 1.4 To agree that an annual review of the Cherwell Lottery is reported to Executive on the anniversary of its launch.

2.0 Introduction

2.1 The Community Lottery business case brings together information from councils who have provided a community lottery and the provider of External Lottery Management (ELM). A Cherwell Lottery has the potential to help the VCS sector operating within Cherwell by helping address funding pressures they may be facing. This could benefit all people and communities in the district.

3.0 Report Details

3.1 The Community Lottery Business Case is included as Appendix A which contains detailed information on the following areas:-

- Background to Lotteries
- The Lottery Market Place
- Initial Proposition;
- Proposed Form of the Lottery
- Delivery Options
- Ticket Price, Proceeds Apportionment and Prize Structure
- Number Selection & Prize Structure
- Gambling Responsibility and Risk

3.2 The Community Lottery has been used by a low number of Councils to raise funds for VCS organisations, for example Aylesbury Vale District Council (AVDC) raised over 65K in 2015 for the VCS who joined their 'Vale Lottery'. The number of Council's taking up Community Lotteries is growing, currently there are now 6 with the very recent (October 2016) new Lottery at Corby Borough Council.

3.3 Move from 'Provider to Enabler'; the aims of the Community Lottery would be:

- *Delivering the proceeds locally:* a Council lottery would deliver benefits only to VCS causes that provide benefits for the people and communities in the CDC district.
- 50% of proceeds would be given to nominated VCS organisations, with the additional benefit that a minimum of 10% (although it can be an option to have all 60% given) would be allocated to the central fund from which the Council can choose which VCS to allocate funds to.
- *Delivering winners locally:* whilst anyone could play, it is likely that players will be locally based (or has a local connection).
- Helping to shift residents' perceptions: of what a Council can do and is here for.
- Opportunity to review the current grant process in both Councils.

3.4 The proposal is to use the services of an ELM to run the lottery. Notwithstanding the appointment of an ELM, the Council would retain obligations to the Gambling Commission to ensure that the lottery is conducted in a lawful and fully compliant way.

3.5 The proposal is that the ELM would carry out all day-to-day management, including processing new players, distributing prizes, income for VCS organisations (once the

Councils have approved the monthly payments to CVS organisations) and assisting players should they experience difficulties.

- 3.6 All sales for the lottery would operate through a dedicated website (specific organisations would have their own landing pages on this website) and be funded via ticket sales made by online payment (payment card) or direct debit. This approach is needed to keep operating costs at a minimum. If a player does not have access to the internet the ELM will organise to input their details onto the online system (i.e. through phone call) to facilitate their request.
- 3.7 The Ticket Price is £1 – the minimum play would be £1 ticket per week per player, this would equate to a minimum monthly expenditure of £4.33 per player (this being 52 weeks x £1 divided by 12 months).

Players can purchase multiple tickets/support multiple organisations.

- 3.8 The proposal would use the Australian Super 66 Lotto results to provide the winning numbers for the proposed Lottery. The Super 66 is played in all parts of Australia, except New South Wales, and draws take place on Saturdays.
- 3.9 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 due to its relatively controlled form.
- 3.10 The Council would 'buy-in' the skills and expertise from the ELM and would share the risk with them in delivering the lottery.
- 3.11 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 Lottery operate within the law and follow the Gambling Commission's operational guidelines.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The success of the AVDC lottery has been reviewed and is considered to be robust; within the first six months, their lottery has exceeded all expectations with 115 organisations having joined (their target was just 10-20).
- 4.2 This report recommends that a local community lottery be created for CDC.
- 4.3 This report recommends that the ticket price is set at £1 per ticket.
- 4.4 The recommendation is to use the services of an External Lottery Manager (ELM) to run the lottery.
- 4.5 This report recommends that CDC Council agrees to provide £3K for set-up costs and £1k for the annual license and administration costs. In the first year the Council allocates £1.5K each for marketing funded from existing resources, and £350 annually for on-going marketing.

5.0 Consultation

None

6.0 Alternative Options

Option 1: Not to agree the proposals. This is not recommended as the proposal will help to fund discretionary support to the voluntary and community organisations and enable such organisations raise funds directly for themselves. All funds raised through the lottery would be spent within the district and benefit local people and communities.

7.0 Implications

Financial and Resource Implications

- 7.1 This proposal would help fund discretionary support to the VCS and enable such organisations raise funds directly for themselves.
- 7.2 All funds raised through the lottery would be spent within the district and benefit local people and communities. Apart from licensing and promotion costs, the lottery would be self-funding.
- 7.3 As set out in the full Business Case, the estimated costs to the Council (which can be met from existing approved budgets) are:
- £1,000 annually for licensing and administration costs
 - Start up (off one) cost of ELM Setup Fee £3,000

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 CDC lottery. The ELM will provide marketing material directly to the council as well as those VCS who have joined the 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 Grants Officer (Joint worker) with the support of the Commercial Development Team.
- 7.5 The jackpot is an insured prize. It is a guaranteed payout of £20,000 per winner (even if multiple people win the jackpot it is not shared or rolled over). This arrangement protects the lottery from financial difficulty.
- 7.6 The Council will conduct due financial diligence on the External Lottery Manager (ELM).

Comments checked by:

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Legal Implications

- 7.7 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 Lottery will operate within the law and follow the Gambling Commission's operational guidelines. The procurement process for the ELM will comply with the guidance contained in the Joint Contract Procedure Rules. Detailed advice on the licensing requirements has been provided by a solicitor in the shared legal team.

Comments checked by:

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8.0 Decision Information

Key decision

Financial Threshold Met No

Community Impact Threshold Met: No

Wards Affected

None directly.

Links to Corporate Plan and Policy Framework

Link to CDC Business Plan Strategic Priority: Thriving Communities

Document Information

Appendix No	Title
A	CDC Community Lottery Business Case
B	CDC current VCS allocations
Background Papers	
None	
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