

# Gloucester City Council

<b>Meeting:</b>	<b>Cabinet</b>	<b>Date:</b>	<b>14 September 2016</b>
<b>Subject:</b>	<b>Gloucester Lottery</b>		
<b>Report Of:</b>	<b>Cabinet Member for Communities and Neighbourhoods</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
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<b>Appendices:</b>	<b>None</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To gain Cabinet approval to the launch of an on line Gloucester Lottery to help fund discretionary support to local voluntary and community sector (VCS) and also enable good causes to raise funds directly.

### 2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE that:**

- (1) A local authority run Lottery be introduced, called the Gloucester Lottery.
- (2) The purpose of the lottery be to raise funds for local charities, voluntary organisations and good causes in the city.
- (3) The City Council works with Gatherwell, the external lottery management company (ELM) to run the lottery on behalf of the Council.
- (4) The City Council hosts a launch event to promote the lottery.
- (5) Authority be delegated to the Head of Finance to take all necessary steps to introduce the Gloucester Lottery including the final specification in consultation with the Cabinet Member for Communities and Neighbourhoods and the Council Solicitor

### 3.0 Background and Key Issues

- 3.1 As budget pressures continues to grow on all aspects of the council's work – there will inevitably be an impact on the funding available for good causes during the medium term. The concept of an Gloucester Lottery and other alternative funding arrangements are being considered, with the focus on how this would be delivered, and how this could align with existing funding for good causes.

- 3.2 Gloucester City Council has historically provided substantial financial support for the VCS across the City, helping to deliver a number of corporate aims, and we currently distribute around £314k per annum through Service Level Agreements, ABCD Grants, Members Allocations, Community Builder fund as well as through Community Grants and other one off support.
- 3.3 A Gloucester Lottery has the potential to help all organisations to address any funding pressures they are facing. The lottery proposal will help move Gloucester City from 'provider to enabler'.
- 3.4 As the savings programme develops the business model of the council will change, away from the provider of all services to a more diverse model of buying and selling services, as well as the public and groups being able to 'self help'.

#### 4.0 Lotteries – Background

- 4.1 Lotteries have long been a way of smaller organisations raising income. They are regulated by the Gambling Act 2005. There are different types of lotteries available, however in this report we are only discussing 'local authority lotteries'.
- 4.2 Local authority lotteries are promoted by councils and permit the authorities to use the net proceeds of such lotteries for any purpose for which they have power to incur expenditure.
- 4.3 In all cases, lotteries have to deliver a minimum of 20% of proceeds to good causes. It is expected that the final report will recommend a minimum of 50% of proceeds would go to good causes in the Gloucester Lottery.
- 4.4 As a local authority the Council will have to be licensed by the Gambling Commission.

#### The Lottery Market Place

- 4.5 There are three well-known national lotteries running in England and Wales – the National Lottery, Health Lottery and the Postcode Lottery. Set out in the table below are some background statistics regarding those providers for comparison.

Provider	Jackpot odds	Any Prize odds	% to good causes	% to operator owner
Euromillions	1:116m	1:13	28%	22%
National Lottery	1:14m	1:54	28%	22%
Health Lottery	1:2m	1:209	20%	22%
Postcode Lottery	No Data	No Data	27.5%	32.5%

- 4.6 A Gloucester lottery would need to have a key set of aims and unique selling points that would resonate with players. Detailed below are some of the key aims;
- Proceeds for local delivery
  - Maximise Community Benefits
  - Minimise Cost

- Deliver Local Winners
- Facilitate wider benefits

- 4.7 A review of available delivery options for the lottery will be undertaken. In doing so it should be remembered that it is very difficult to assess the number of actual players that may take up a Gloucester Lottery.
- 4.8 One key issue is that the lottery will have to be online. This is due to the costs of distribution and sales in any other way. As the Council enhance its digital approach the lottery will be able to be accessed via desktop, mobile and tablet.
- 4.9 The suggested model would operate at two levels:

**Central Fund** – operating City wide, with profits generated distributed through existing mechanisms used by the Council to local voluntary and community organisations. Players in this option would not specify a group to benefit from the proceeds and the funds will go to existing VCS funding commitments. This will help those organisations which may have fewer local supporters and/or less ability to generate funding support due to the nature and/or size of their services.

**Specific Good Causes** – this version of the lottery enables groups to ‘sign up’ to take part in the lottery specifically raising the 50% share for their good cause. By signing up they would have their own web page for the lottery helping them in engaging players and raising income. This option removes a number of hurdles for groups who might struggle to take part in their own lotteries (eg holding own license and setting up infrastructure to enable the lottery to run).

The Council would be the overall license holder and control the good causes joining the scheme. Players buying tickets through specific web pages would know that the profits are for that specific good cause. This in turn motivates the group to gain more players to support their specific cause. This option in effect operates as an ‘umbrella’ scheme within the main Gloucester Lottery.

The council would retain some (10%) of the proceeds to help existing funding streams for the VCS, while local organisations would also have the platform to fundraise independently.

A draft acceptance criteria will be prepared for any good causes wishing to join the lottery.

- 4.10 All sales for the lottery (no matter which version the player chooses) would operate via a dedicated website (specific good causes would have their own landing pages), and be funded via an online direct debit or payment card for tickets. This approach would be to keep operating costs at a minimum.

### **Delivery Options**

- 4.11 The options for delivery of a lottery are either in house or through an External Lottery Manager (ELM).

- **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 to be significant for set-up costs alone. It is expected there would be a requirement for a lottery manager and the necessary development of software systems to enable the lottery to run.

- **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 the Council and good causes the role of marketing.

4.12 The option of using a ELM will be further explored, balancing the set up costs, unknown player numbers and the skills base needed to run a lottery.

4.13 A council lottery has been successfully launched by Aylesbury Vale District Council in November 2015 with £60k having already been raised for good causes. The Council will take into account the research already undertaken by Aylesbury Vale in recommending the proposal to Council including pricing and prize fund allocation.

4.14 The Council lottery will be viewed by the public as follows;

- Non engaging Supporters – These will never be a supporter as they are not motivated by prizes or giving
- Altruistic Supporters – Will support because of the good cause alone.
- Prize motivated Supporters – Motivated by the odds and prize structure
- Optimistic Supporters - Needs the dual motivation of prizes and giving to good causes to support.

With these types in mind the Council Lottery primarily will be seen as an opportunity to support good causes and not a promotion of gambling.

## **5.0 Reasons for Recommendations**

5.1 To help in addressing the budgetary pressures facing the council in the future, and to enable community groups to 'self help' by gaining access to their own lottery within the Lottery umbrella scheme.

5.2 Consultation will be undertaken with the VCS to ensure the implications of the scheme are detailed and to raise awareness of potential benefits

## **6.0 ABCD Implications**

6.1 Enables communities to take more control and build upon their existing work. Is an easier way for grass roots community groups to apply for funding and therefore develop their group further, especially if they have been put off by the application process of the grants scheme in the past.

- 6.2 A Gloucester Lottery would create more publicity and awareness of community groups which would consequently promote their good work to those who most need it and potentially increase their volunteers and supporters.

## **7.0 Financial Implications**

- 7.1 By using an ELM it is expected there will be initial set up costs of approximately £3k. The Council will be required to register with the gambling commission with one off costs of £244 and £692 per annum registration. To enable the lottery to be marketed successfully prior to launch it is expected £3500 will be required for marketing and promotion. These costs would be met from existing budgets.
- 7.2 As the Council is required to make further budget reductions a Gloucester lottery will assist good causes in raising funds.

(Financial Services have been consulted in the preparation this report.)

## **8.0 Legal Implications**

- 8.1 It will be necessary for the Council to make an application to the Gambling Commission and appropriate An Application is to be made to the Gambling Commission and appropriate authority for a Lottery Operating Licence, and it is assumed a Remote Gambling Licence.
- 8.2 The Licence will be subject to conditions laid down by the Commission.
- 8.3 The Council must have regard to the Conditions and Codes of Practice which are published by the Commission.
- 8.4 S257 of the Gambling Act 2005 permits councils from employing an external lottery manager (ELM) to run all or part of their lottery. ELMs are registered with the Commission

(One Legal have been consulted in the preparation this report.)

## **9.0 Risk & Opportunity Management Implications**

- 9.1 The propped lottery would not see the Council exposed to risk of payment for prizes. A proportion of each ticket sold is towards the prize fund and the ELM has insurance to ensure the Council is not at risk.
- 9.2 It is of course, based on the success of the Vale Lottery, anticipated that the Gloucester Lottery will be as successful. However, should play of the lottery be suspended or fail entirely, Gatherwell's terms and conditions ensure that neither Gatherwell or GCC will be liable for any loss or failure.

## **10.0 People Impact Assessment (PIA):**

- 10.1 None.

## **11.0 Other Corporate Implications**

### Community Safety

11.1 None.

### Sustainability

11.2 None.

### Staffing & Trade Union

11.3

**Background Documents:** None