

Executive 15 June 2021

The Proposed Introduction of a Community Lottery in Copeland

LEAD MEMBER: Cllr Steven Morgan, Portfolio Holder for
Commercial Services

LEAD OFFICER: Sarah Pemberton Director Corporate Services and
Commercial Strategy

REPORT AUTHOR: Caroline Adams, Commercial Projects Officer.

RECOMMENDATIONS:

Executive is requested to:

- 1. support and approve the introduction of a Community Lottery in Copeland to benefit local charities and community groups;**
- 2. agree to appoint Gatherwell Ltd as our External Lottery Manager, to set up and operate the Lottery;**
- 3. approve the criteria for voluntary and community organisations wishing to join the Copeland Community Lottery as good causes, as set out in Appendix A to this report;**
- 4. delegate authority to the Director of Corporate Services and Commercial Strategy to apply to the Gambling Commission for the licenses required to operate the lottery.**
- 5. delegates the authority to the Director of Corporate Services and Commercial Strategy for the management, oversight and approval of policies and procedures associated with the lottery.**

1.0 INTRODUCTION

- 1.1 Copeland community groups and charities provide valued support to residents. This help has played a vital role during the COVID-19 lockdown response and as the borough continues on the road to recovery.
- 1.2 The COVID-19 response has also allowed the Council to reflect and re-focus on supporting the well-being of residents and economic recovery through the ethos of local support for local benefit, as demonstrated in the Shop Local campaign.
- 1.3 To ensure continued financial support for local charities and community groups, many local authorities have created community lotteries. Good causes are encouraged to participate as part of their fund raising activities and in doing so receive a percentage of ticket sales.
- 1.4 An External Lottery Manager, Gatherwell, contacted the Council in early 2020 to propose creating a community lottery in Copeland.
- 1.5 This report looks at how the introduction of a lottery would work and how it could provide ongoing support for community groups and charities to continue to provide local support for all residents.

2.0 BACKGROUND

- 2.1. Lotteries are regulated under the Gambling Act 2005. The Act includes, as a permitted category of lottery, a “local authority lottery”. Local Authority lotteries are lotteries promoted by the authority and require the authority to be licensed by the Gambling Commission.
- 2.2. Local Authority lotteries have to deliver a minimum of 20% of proceeds to purposes for which the authority has the power to incur expenditure.

- 2.3. Local authority lotteries can be run in-house or in partnership with an External Lottery Manager (ELM). An ELM is defined as someone that is a person or a body who makes arrangements for a lottery on behalf of a society or local authority, but is not a member, officer or employee of the society or authority.
- 2.4. ELMs may run a lottery on behalf of the local authority, it is the responsibility of the local authority to ensure that the lottery is conducted in such a way as to ensure that it is lawful, and fully complies with the Act, all license conditions and licensing codes of practice.
- 2.5. Both the ELM and the Local Authority will need to hold an operating license issued by the Gambling Commission.
- 2.6. A local authority is also required to have at least one Personal Management License (PML) holder for the authority, even if an ELM runs the lottery. The ELM will have their own PML holders.
- 2.7 Gatherwell Ltd were founded in 2013 and are currently the only ELM in the UK to be licensed to work directly with Local Authorities.
- 2.8 The first local authority community lottery they launched was in 2015. They are now working with 80 Councils nationally managing community lotteries.
- 2.9 In 2019, the Lottery Council awarded Gatherwell External Lottery Manager of the Year.
- 2.10 Gatherwell will provide the following services and support to run the lottery:
- Website design, hosting, maintenance and development;
 - Payment gateway investments (dedicated Direct Debit and payment card accounts);
 - Dedicated support telephone number, email and social media accounts;

- Marketing strategy support and generic design creation;
- Gambling license application support;
- Training for license holders.

2.11 The indicative timescale from approval of creating a lottery through to launch and ticket sales is 6 months.

3.0 COMMUNITY LOTTERY – HOW IT WORKS

3.1 The local authority provides criteria for good causes that wish to participate in the community lottery. See Appendix A outlining the necessary criteria good causes must meet.

They are asked to submit an application form via the lottery website. The local authority approves or rejects all applications to ensure the lottery consists of eligible and appropriate causes.

3.2 There is no minimum or maximum number of good causes that can participate.

3.3 Once approved, the cause is given a dedicated page on the lottery website to promote its aim and objectives to encourage support via ticket sales.

3.4 Gatherwell provide all administration support for free – including creating a webpage, marketing advice, providing weekly updates on ticket sales and forwarding revenue to a nominated account every month. This is all covered as part of the wider management fee.

3.5 The cause can actively promote ticket sales and encourage more traffic to the lottery site.

3.6 Tickets are purchased via the lottery website or telephone (managed by Gatherwell).

These can be paid for by direct debit or debit card.

The player can choose which cause to support before buying their ticket.

3.7 A player can only buy a maximum of 20 tickets for each draw .This is managed through the websites’ integral software.

3.8 A player can choose their own 6 numbers or opt for a “lucky dip”

3.9 Tickets cost £1.

Revenue from each ticket is broken down as follows:

50p = direct to cause of players’ choice.

10p = local authority central fund to allocate to causes as they wish.

20p = Prize fund

17p = Revenue for the ELM (Management fees).

3p = VAT (reclaimable by the council).

3.10 A total of 60% of the ticket revenue is given directly to good causes. This compares to just 28% for the UK Lotto and 20% for the Health Lottery.

3.11 The top prize for matching all 6 numbers is £25,000 with other prizes for matching less numbers. The Council would also have the opportunity to provide additional prizes.

3.12 All prize money is insured by Gatherwell. This means if the ticket sales revenue does not cover the prize fund the council is not liable. Gatherwell will honour all prizes to the winners.

3.13 The table below illustrates the odds on winning prizes.

Numbers matched	Prize	Winning odds
6	£25,000	1:1,000,000
5	£2000	1:55,556
4	£250	1:5,556
3	£25	1: 556
2	3 free tickets	1: 56

3.14 The overall odds of winning a prize are 1:50. For the Health Lottery this reduces to 1:2million and Euro Millions 1:140 million.

3.15 The lottery draw takes place weekly – every Saturday at 8pm.

3.16 The winning results are published on the lottery website and social media channels. All winners are notified by Gatherwell.

4.0 COSTS

4.1 The set up costs for the lottery are given in the table below.

Organisation	Activity	Cost
Gatherwell	Services (outlined in 2.10)	£5000
Gambling Commission	Application	£244
Gambling Commission	License	£692
Lotteries Council	Application	£25
Lotteries Council	Membership	£350
Total		£6,311

4.2 The set up costs do not include a marketing budget to launch and promote the lottery.

4.3 Gatherwell do not require an annual management fee. The set up cost is a one off cost. All on-going management charges are taken from the 17p per ticket.

4.4 Gambling Commission license annual renewal = £692
Lotteries Council membership annual renewal = £350
Total **£1,042**

4.5 Councils have used the funds raised through the 10p per ticket awarded to local authorities to manage on-going costs.

5.0 POTENTIAL REVENUE RAISED

- 5.1 Exact revenue raised for good causes cannot be guaranteed, as it is dependent on ticket sales. Information available on funds raised is limited, however, from research, the table shown in appendix B gives an indication of revenue that could be generated.
- 5.2 It should be noted some smaller charities and community groups only have small fund raising targets. This level of funding still enables them to provide a valued service.
For example, Reigate and Banstead Womens Aid are looking to sell 100 tickets per week to reach a 12 month fund raising target of £2600.
- 5.3 Information received from Gatherwell indicates a Borough of our population size could expect to raise between £30,000 to £35,000 pa. This would mean funding of £15,000 to £17,500 for good causes in Copeland.
- 5.4 Receiving 10% of ticket sales would mean between £3,000 to £3,500 would go to the Council. This would cover the ongoing annual license fee and membership of the Lottery Council.

6.0 RISKS

- 6.1 There is the potential for the Council to be seen to encourage and facilitate problem gambling by introducing a lottery. Below are a number of mitigating actions taken by Gatherwell:
- The maximum number of tickets that can be bought for a draw is 20.
 - Tickets cannot be purchased on the day of the draw and must be paid for by direct debit or card. This reduces the feelings of instant reward and gratification for the player associated with problem gambling.
 - Strict guidelines are in place to prevent the marketing of the lottery to underage and vulnerable people.
 - Links to Gamble Aware are placed on the lottery website.
- 6.2 Money paid to Gatherwell is a one off set up cost. The ongoing management fees are taken from each ticket sale.

- 6.3 Annual renewal cost for the Gambling Commission License and the Lottery Council membership are low and could be covered from revenues generated from the allocated 10p per ticket sale.
- 6.4 There is no cost to the good cause to be part of the community lottery. They receive 50 % of the ticket sales for their cause every month.
- 6.5 The lottery industry is highly regulated .Gatherwell are very experienced in managing 80 local authority community lotteries.
- 6.6 The Council set the criteria and approve causes to participate in the lottery – reducing the risk of fraud to the public.
- 6.7 The Prize fund is insured by Gatherwell, which ensures all prize winners to be rewarded (regardless of ticket sales).The Council is not liable to provide prizes.

7.0 CONCLUSION

- 7.1 By participating in the community lottery, residents are actively providing local support for local benefit.
- 7.2 Community groups and charities in Copeland can benefit from a free, profile raising, online fund raising tool to generate income.
- 7.3 The Council can provide ongoing support for good causes for Copeland through a low risk and cost vehicle by creating a community lottery.

8.0 STATUTORY OFFICER COMMENTS

- 8.1 The Monitoring officer and Legal Comments are:
The report sets out in detail the legal requirements of operating a local lottery and no further comment is needed. In respect of procurement if approval is given to establish the Lottery using Gatherwell Ltd as ELM, an exemption report will need to be completed in the usual manner and in accordance with the Council's contract standard order explaining that the procurement is of such a

specialised nature that the services can only be obtained from one particular supplier. In the event that Gatherwell Ltd was appointed as ELM, the relationship would be subject to a comprehensive legal agreement confirming the precise nature of all legal obligations and responsibilities for both parties

8.2 The Section 151 Officer's comments are:
The financial implications are set out in the report

8.3 EIA Comments:
There are no equality or diversity implications arising from this report. However, there may be members of the community who object to the community lottery on moral and religious grounds.

9.0 RESOURCE REQUIREMENTS

9.1 A senior officer will be assigned to be the Personal Management License holder.

9.2 It is recommended this assigned officer will also oversee the following as part of running a lottery:

- Ensuring the lottery is lawful and complies with the Gambling Act 2005.
- Creates the criteria for good causes to participate
- Reviews and approves/rejects applications submitted by good causes.
- Ensures the lottery returns are submitted as required.
- The annual renewal of the Gambling Commission License and membership of the Lotteries Council.

9.3 The communications team will be required to develop a communication plan for the launch and ongoing participation in the lottery.

9.4 All other resource is provided by and managed by Gatherwell

10. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 10.1 Setting up and launching the lottery will be from the scope of a community lottery project and will follow the Council's own project management framework – including logging all risks and mitigating actions.
- 10.2 Working with 80 other Councils, Gatherwell have vast experience in setting up, launching and running a community lottery. They are committed to supporting the Council in every step of setting up the lottery. This will form the basis of the project management to include timescales and risk.

11.0 WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 11.1 Good causes will receive additional income to sustain their services for the residents of Copeland.
- 11.2 Copeland Borough Council will receive a small income from ticket sales that will be re-invested in good causes in Copeland.

List of Appendices

- Appendix A Criteria for good causes to participate in the Copeland Community Lottery.
- Appendix B Potential revenue