

Title of Report	COMMUNITY LOTTERY SCHEME	
Presented by	Councillor Michael Wyatt Portfolio Holder for Community and Climate Change PH Briefed <input type="checkbox"/> Yes	
Background Papers	Minutes of the Community Scrutiny Committee, 8 February 2024.	Public Report: Yes
		Key Decision: Yes
Financial Implications	The Community Lottery Scheme will be financially self-sustaining with the Council’s initial and on-going costs being met by income from the Scheme. However, this is based on the assumptions as highlighted in Section five of the report. There are risks that income levels will not be realised, but these are considered to be low. It is considered extremely low risk that the scheme will not cover its initial set up costs and may, therefore, not have a detrimental impact on the Council’s budget.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	Legal Services has advised on the project. Due to the bespoke nature of delivering a Community Lottery Scheme in partnership with local authorities, there is only one organisation that has been identified who can deliver this. Consequently, delegated authority will need to be exercised by the Head of Community Services to satisfy the requirements of the Contract Procedure Rules and to enter into an arrangement with this organisation. This would be a twelve-month agreement with a further procurement process taking place to identify a preferred delivery partner every twelve months to ensure value for money for the Council. The Council will also need to nominate two Lottery Licence holders to deliver the Community Lottery Scheme.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	It is proposed that the Community Focus Team Leader is the officer who takes responsibility for liaising with the preferred delivery partner and ensuring the effective delivery of the Community Lottery Scheme.	
	Signed off by the Head of Paid Service: Yes	

Purpose of Report	To seek agreement to the establishment of a local authority lottery for North West Leicestershire.
Reason for Decision	To offer financial security to voluntary and community groups across NWL and to support further community work via the grants scheme with the income generated from the Community Lottery.
Recommendations	<p>THAT CABINET:</p> <ol style="list-style-type: none"> 1) NOTES THE COMMENTS FROM COMMUNITY SCRUTINY COMMITTEE AS SET OUT IN PARAGRAPH 8.1 OF THE REPORT 2) AGREES THAT A NORTH WEST LEICESTERSHIRE COMMUNITY LOTTERY BE INTRODUCED IN 2024/25. 3) AGREES TO APPOINT GATHERWELL LTD AS THE COMMUNITY LOTTERY OPERATOR FOR THE NORTH WEST LEICESTERSHIRE COMMUNITY LOTTERY SCHEME AND DELEGATES AUTHORITY TO THE HEAD OF COMMUNITY SERVICE AND DIRECTOR OF RESOURCES TO NEGOTIATE AND FINALISE ANY ASSOCIATED AGREEMENTS. 4) AGREES THAT THE DIRECTOR OF RESOURCES AND HEAD OF FINANCE BE NOMINATED AS PERSONAL LICENCE HOLDERS FOR THE PURPOSES OF GAMBLING COMMISSION REQUIREMENTS 5) AGREES THAT THE INCOME GENERATED THROUGH THE COMMUNITY LOTTERY SCHEME IS REINVESTED BACK INTO THE COUNCIL'S COMMUNITY GRANTS PROGRAMME.

1.0 BACKGROUND

1.0 The Community Lottery Scheme was developed with the aim of helping good causes raise money within their local community. Since 2015, around 140 councils and community and voluntary organisations have set up and run a Community Lottery Scheme in their local community (see **APPENDIX A** for details of some of the local authorities who currently run a lottery scheme). In Leicestershire this includes Melton, Harborough, Blaby and Charnwood.

1.1 The Council is considering introducing a Community Lottery Scheme (CLS). The principle of the scheme would be that NWL residents would have the opportunity to purchase a £1 ticket on a weekly basis with a view to winning a national cash prize. The £1 ticket fee would then be distributed between the following:

- A local 'good cause' which would be a voluntary or community group, or a specific project or initiative organised by such a group.
- NWLDC.
- The cash prize pot.
- The organisation that supports delivery of the CLS.

1.2 The benefits for the Council would be:

- Additional income generated for the Council budget that could be used to support NWLDC community-based projects or initiatives.
- Additional income generated for the community and voluntary sector organisations which may allow for the Council to reduce the funding support it currently offers through its grant schemes.

1.3 The benefits for the voluntary and community organisations would be that the CLS:

- Empowers organisations to raise money for their projects and initiatives in a different way as opposed to continually applying for grants.
- Gives the organisation control to proactively sell their organisation or good cause to the local community.
- Keeps funds local to the district as the groups would need to serve residents of North West Leicestershire.
- Offers a more sustainable form of funding for the organisation.

1.5 Whilst there are a number of organisations that can support the delivery of a CLS, there is only one that has been identified that has extensive experience of doing so in partnership with a local authority. Gatherwell Ltd is an External Lottery Manager, registered with the Gambling Commission to run lotteries across the UK. To date they have raised money for over 13,000 good causes and they deliver in partnership with all local authorities listed in **APPENDIX A** along with examples of neighbouring authorities' good causes.

2.0 COMMUNITY LOTTERY SCHEME OVERVIEW

2.1 In order to deliver a CLS, the Council would commission an External Lottery Manager (ELM) who would work in liaison with the Council's nominated officer to deliver the scheme. The ELM would support the Council with the following:

- Ensuring all appropriate licences are obtained from the Gambling Commission.
- Creating and managing a NWLDC CLS website.
- Promoting the scheme to the voluntary and community sector.
- Liaising with the voluntary and community sector to identify 'Good Causes'.
- Managing the relationship with the voluntary and community sector organisations engaged.
- Administering ticket sales, payments, and prizes.
- Marketing and promoting the CLS.

2.2 In order to deliver a CLS, the Council would need to have two nominated representatives named on the Council's licence. From discussions with other authorities, this would normally be the Head of Finance and the Council's Section 151 Officer.

2.3 If approved, it would take 16-20 weeks to launch the CLS. This is to enable all the bullet points as highlighted at 2.1 to be delivered.

2.4 As part of the promotion of the scheme, it would be proposed to have a launch day for the CLS. If timing allows, this would potentially align with the 125 year celebration

event at Coalville Park on 29-30 June 2024 to allow for maximum exposure of the CLS.

- 2.5 Following the launch, there would be ongoing promotion of the scheme. Whilst this will be co-ordinated by the ELM in liaison with officers, it will also incorporate the voluntary and community organisations to allow them to effectively promote their good causes and gain ticket sales. **APPENDIX B** sets out how the scheme will work.

3.0 PROCUREMENT IMPLICATIONS

- 3.1 As highlighted at 1.5, there is currently only one organisation that has extensive experience of delivering a CLS in partnership with local authorities and this is Gatherwell Ltd.
- 3.2 Gatherwell Ltd has a proven track record of working with the councils to deliver low-cost lotteries and offers the flexibility to provide a scheme tailored to North West Leicestershire's requirements.
- 3.3 Subject to approval to commence with the CLS, due to the value of having a 12-month contract with Gatherwell Ltd, the Head of Community Services has the delegated authority to allow an exemption from obtaining three quotes and to enter into an agreement with Gatherwell Ltd to deliver the CLS as the Council's preferred partner.
- 3.4 In order to ensure ongoing best value for the Council, officers would then review every 12 months to understand if there are any other providers of a CLS tailored to meet the requirements of a local authority and to undertake a further procurement process in line with the requirements of the Contract Procedure Rules to determine who would be best placed to become the Council's preferred CLS delivery partner for the following 12 months.

4.0 LEGAL IMPLICATIONS

- 4.1 The Gambling Act 2005 creates eight categories of a permitted lottery, one of which is a Local Authority Lottery. Local Authority lotteries are promoted by the relevant council and the net proceeds can be used for any purpose for which the authority has the power to incur expenditure. A NWLDC CLS must be run under an operating licence issued by the Gambling Commission and would need to comply with the specific licence conditions and relevant codes of practice.
- 4.2 The appointed ELM of the CLS would manage the lottery on the Council's behalf in accordance with Section 257 of the Gambling Act. The ELM would also obtain the necessary consent and operating licence from the Gambling Commission. However, the Council would remain responsible for ensuring that the lottery operates lawfully.
- 4.3 To this end, the Council would have an obligation to have two officers who would hold the Gambling Commission's Lottery Licence. It is proposed that in NWLDC this would be the Head of Finance/Deputy Section 151 Officer and Director of Resources/Section 151 Officer.
- 4.4 A CLS is classed as low risk by the Gambling Commission as they are a form of 'incentivised giving'. However, there are still procedures in place to mitigate against the risks of problem gambling:

- Maximum of 20 tickets per supporter.
- No instant reward or gratification when purchasing.
- Payment by direct debit and recurring payments (no cash).
- Unable to buy single tickets, or tickets for a draw on the same day.

5.0 FINANCIAL IMPLICATIONS

5.1 If the Council progresses with a CLS, the initial set up costs would be £7,025 for the first year, and these would be split over 2023/24 and 2024/25 if it commenced in June/July 2024. This cost would reimburse back from the first year of ticket sales into the Council. A breakdown can be seen in the table below:

Item	Outgoing Costs
Fees payable to Gatherwell Ltd	£5,000
Annual Gambling Commission Fee	£400
Gambling Commission initial set up license fee	£220
Annual Lotteries Council membership	£385
Lotteries Council membership initial set up fee	£20
Launch of the Community Lottery in North West Leicestershire (includes, workshops printing, posters, press releases, adverts in community newsletter)	£1,000
Total	£7,025

5.2 There are also ongoing annual costs of £1,285 per annum which are set out in the table below.

Item	Ongoing Costs
Gambling Commission fees	£400
Lotteries Council membership	£385
Marketing and Promotion	£500
Total	£1,285

5.3 Based on the success of the CLS in Charnwood and Blaby and considering the associated promotion undertaken in each authority, it is anticipated that the Marketing and Promotion budget allocated to the CLS in NWL should be adequate to generate average sales of 1,000 tickets per week at £1.00 per ticket.

5.4 The proceeds of each £1 ticket sale are split as follows:

- £0.60 is allocated to local 'Good Causes' (60%)
- £0.18 is allocated to cash prizes (18.2%)
- £0.18 is allocated to Gatherwell Ltd (18.17%)
- £0.04 is the VAT element of the allocation to Gatherwell Ltd (3.63%).

As a direct comparison, 28% of ticket sales from the National Lottery go to good causes, 27.5% from the Postcode Lottery, and 20% from the Health Lottery.

- 5.5 Of the 60% allocated to 'Good Causes', £0.40 of this is allocated to a specific Voluntary or Community good cause with £0.20 being allocated to the Council to use towards community initiatives.
- 5.6 At the point of purchase of the lottery ticket on the website, the resident will choose which voluntary and community good cause they would like their purchase to contribute towards. If no good cause is chosen, then the full 60% or £0.60 will be allocated to the Council to use towards community initiatives.
- 5.7 Guidance from Gatherwell allows the Council to reclaim the VAT of £0.04 (3.63%) on their service charges. This can be reinvested back into the wider CLS.
- 5.8 Based on an estimate of selling 1,000 tickets per week, the income to the Council to contribute towards community initiatives will be £10,400 per annum. This is based solely on the contribution to the Council of £0.20 per ticket and does not consider any potential uplift from ticket purchases not nominating a 'Good Cause' or any VAT reclaim.
- 5.9 Whilst there will be initial set up costs to the Council incurred in 2023/24 if the CLS commenced in July 2024, 1,000 lottery sales tickets per week would ensure that by the end of 2024/25 all set up and ongoing running costs for the CLS would be fully covered and there would be a surplus generated that could be allocated to community initiatives of the Council's choice from 2025/26. This is highlighted in the table below, considering the expenditure as highlighted at 5.1 and 5.2, and the income at 5.8.

	Year	Quarter	Costs	Income	Cumulative Financial Position for the Council
0	2023/24	Q4	£6,025	£0	-£6,025
1	2024/25	Q1	£1,000	£0	-£7,025
1	2024/25	Q2	£500 (marketing)	£2,600	£275
		Q3		£2,600	
		Q4		£2,600	
2	2025/26	Q1,2,3,4	£1,285	£10,400	£9,390
3	2026/27	Q1,2,3,4	£1,285	£10,400	£18,505
4	2027/28	Q1,2,3,4	£1,285	£10,400	£27,620
5	2028/29	Q1,2,3,4	£1,285	£10,400	£36,735
Total					£36,735

- 5.10 The table above highlights that by the end of 2028/29, £36,735 of income would have been generated by the Council through the CLS that could be allocated to community-based initiatives. However, this is based on the following assumptions:
- 1,000 ticket sales per week.
 - A fixed marketing budget of £500 per annum.
 - No increase to Gambling Commission fees or to membership fees for the Lottery Council.
 - Any changes to the amount the Council receives per ticket if the annual procurement process identifies an alternative preferred delivery partner for the CLS.
- 5.11 Based on performance of the CLS in Charnwood and Blaby, it is not unreasonable to assume that 150 of the 1,000 tickets purchased weekly will not designate a 'Good

Cause'. If this is the case, then this will see an uplift of £3,120 to the income per annum.

- 5.12 It is proposed that a separate budget is established for the CLS to ensure that it is self-sustaining and does not impact negatively on Council budgets.
- 5.13 The income the Council generates through the CLS will be reinvested back into the community grant programme in line with the agreed community grant criteria.
- 5.14 Gatherwell Ltd has provided the Council with suggested/potential projections for NWL, as shown in the table below:

**NorthWest Leicestershire
Community Lottery Projections**

£1 Ticket Price / 1 Ticket per week								
Ticket Price£	Number of players	% of Pop	Tickets bought per week	Number of weeks	Gross Return	Good Causes Total (60%)	Central Fund (20%)	Good Causes (40%)
1	219	0.25	1.8	52	£20,503	£12,302	£4,101	£8,201
1	438	0.5	1.8	52	£41,007	£24,604	£8,201	£16,403
1	876	1.0	1.8	52	£82,013	£49,208	£16,403	£32,805
1	1314	1.5	1.8	52	£123,020	£73,812	£24,604	£49,208
1	1752	2	1.8	52	£164,027	£98,416	£32,805	£65,611
1	2191	2.5	1.8	52	£205,033	£123,020	£41,007	£82,013

Year 1 expectation between 0.5% and 1%

NW Leicestershire estimated 18+ population 87,621

- 5.15 The Gross return column reflects the total ticket sales (£1). So, based on 1% of the population playing the lottery, the revenue annually would be £82,013 in Ticket Sales, £16,403 to the Council Central Fund, £32,805 to Good Causes directly, £14,926 on Prize fund, £17,879 to Gatherwell Ltd's running costs of which £2,977 of VAT would be reclaimable.

6.0 RESOURCE IMPLICATIONS

- 6.1 Whilst the CLS will be managed by the ELM, there would need to be a Council officer who supports and manages the scheme in liaison with them. It is proposed this is the Community Focus Team Leader within Community Services. The responsibilities of the Team Leader would include:

- Ensuring all licences are paid.
- Ensuring the CLS is delivered in a fair, equitable and ethical manner.
- Ensuring the preferred delivery partner of the Council undertake their responsibilities in an appropriate manner.
- Considering and making recommendations to the Head of Community Services and Portfolio Holder for Community Services on which voluntary and community 'Good Causes' should be supported.
- Presenting an annual report to Community Scrutiny on the CLS progress.

There is a risk that the additional workload created by the CLS may cause capacity issues for the Community Focus Team Leader and this will need to be monitored and re-assessed if necessary.

- 6.2 There is a requirement that the Licence Holders take part in a one-hour training session, so they fully understand their and the Council’s responsibilities.

7.0 RISK

- 7.1 In establishing a new North West Leicestershire Community Lottery, any potential risks need to be considered. These have been highlighted in the table below along with suggestions on how they may be mitigated:

Risk	Risk Level	Mitigation
The voluntary and community sector choosing not to engage with the initiative	Low	Supported by the ELM, delivery of workshops to sell CLS, use examples from neighbouring authorities
Anticipated levels of ticket sales are not realised and, therefore, income levels are not as high as expected	Low	Increase marketing. Target marketing Review sales monthly. Consider withdrawing
The CLS is not financially sustainable	Very Low	Set-up costs covered by NWLDC General Fund consider withdrawing
Capacity of Community Focus Team Leader to manage the CLS	Medium	To be monitored and work levels/priorities re-assessed/reallocated if issues
A Licence Holder leaves the authority	Low	There are two licence holders to split the responsibilities and tasks. The role can be transferred in the short-term to the remaining licence holder and then an additional licence holder can be named when appropriate.

- 7.2 It should be noted that these risks do not appear to have been realised in other council-operated lotteries and it is considered that they are outweighed by the potential to generate new funding for local voluntary and community organisations. The worst-case scenario is that the initial start-up costs are effectively written off.

8.0 COMMUNITY SCRUTINY ENGAGEMENT

- 8.1 The CLS proposal was taken to Community Scrutiny Committee on 8 February 2024 to allow comments to be made by the committee for consideration by Cabinet when deciding whether or not establish a Local Authority Lottery. Comments and changes made to the document following the Community Scrutiny Committee include:

COMMENTS FROM COMMUNITY SCRUTINY	RESOLUTION
Paragraph 2.1 should say ‘commission’ not	Amended

'appoint'	
The financial set up cost, what does this include	Paragraph 2.1, sets out what the financial contribution would cover by Gatherwell Ltd (the External Lottery Manager).
Projected sale figures	The projected costs are highlighted in 5.9 Gatherwell Ltd was asked to provide projected costs and these are set out at 5.14 and 5.15.
Comparative figures from other authorities	Due to GDPR the Council has only been able to gather data from Blaby District Council at this stage, Appendix A
Feedback from other authorities	This can be viewed in Appendix A
Procurement process, has this been robust enough	Legal and Finance teams have advised on the project. Gatherwell Ltd is a specialist provider in this area, other providers have been considered but do not have the same output for the good causes. Please note in 3.4, the contract will be reviewed every 12 months.
Concerns relating to this scheme promoting gambling	Gatherwell Ltd would be responsible for robustly mitigating risks. Appendix B section "Gambling concerns managed" sets this out.
How would the scheme be promoted	Gatherwell Ltd would hold sessions to promote the scheme and encourage good causes to the local NWL website that would be created. Advertising material from Gatherwell Ltd would be provided to organisations to promote their good causes. Paragraph 5.9 shows that allocated funds from the scheme would be reinvested back into advertising
How will the tickets be sold	Gatherwell Ltd advised that the process was largely digitalised, with a phone line also available for less technologically enabled-residents, and that it was an easy to use platform. Appendix C shows step-by-step screen shots of the process for purchasing a ticket.
Limited funds to support the Officer who is supporting the Community Lottery Scheme	6.1 sets out the role of the Community Focus Team Leader. The Council will carry out an impact assessment at the end of year one both on staff time and the impact to the local charities.
Concerns of displacement of existing donations to charities	The CLS offers local charities and community groups the opportunity to gain funds and keeps funding local within NWL. Officers will undertake an impact assessment at the end of year one to understand what impacts there might be on local charities.

£1,000 does not seem enough for the launch	Officers have checked with Gatherwell Ltd and the average launch spend is £1,000.
The CLS should not affect the current grants scheme	Removed "The Community Lottery will look to offset the community grants expenditure" from 5.12.

9.0 TIMESCALE

Activity	Date
Community Scrutiny	8 February 2024
Cabinet	27 February 2024
Website/Gambling Licence	March – June 2024
Launch of NWL Community Lottery	June/July 2024

Policies and other considerations, delete as appropriate	
Council Priorities:	Clean, green and zero carbon - looking after the local environment. A well-run council - making sure Council services are provided in a positive and friendly way, that the Council provides value for money and that its finances are in good order.
Policy Considerations:	None.
Safeguarding:	The criteria for accepting good causes includes safeguarding measures.
Equalities/Diversity:	The process is online however a local phone number would be available for those individuals who are computer illiterate in order to purchase tickets and support their local 'good cause'.
Customer Impact:	The benefit to voluntary and community groups and to NWLDC will have a positive impact on residents and customers of the Council.
Economic and Social Impact:	Ensures income for the community and voluntary groups as highlighted within the report.
Environment, Climate Change and Zero Carbon:	Voluntary and community good causes and NWLDC community-based initiatives will potentially have a positive impact on the environment.
Consultation/Community Engagement:	Engagement with the voluntary and community sector to submit good causes. Launch day to promote the scheme with the community.
Risks:	As highlighted in the report.
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