

REPORT TO:	CABINET
DATE:	30 March 2022
SUBJECT:	Proposal to set up a South and East Lincolnshire Councils Partnership Community Lottery scheme to support community-based initiatives and programmes.
PURPOSE:	To propose the set-up of a S&ELCP Community Lottery to raise funding for community-based initiatives and partnership opportunities with the Voluntary and Community Sector in the sub-region of Lincolnshire.
KEY DECISION	YES
PORTFOLIO HOLDER:	Portfolio Holder – Housing & Communities, Councillor Martin Griggs, Boston Borough Council
REPORT OF:	Nathan Elvery, Deputy Chief Executive - Communities
REPORT AUTHOR:	Emily Spicer, Assistant Director – Wellbeing and Community Leadership
WARD(S) AFFECTED:	ALL
EXEMPT REPORT?	NO

SUMMARY

This report sets out proposals for a Community Lottery Scheme for the S&ELCP which enables additional funding to be raised for community-based initiatives and partnership opportunities with the Voluntary and Community Sector across the sub-region of Lincolnshire.

South Holland District Council will procure the service on behalf of the sovereign councils within the Partnership and this will form part of the Wellbeing and Community Leadership portfolio within the Communities Department of the Partnership Political and Officer structure and responsibilities.

RECOMMENDATIONS

That:

1. Working with South Holland District Council and East Lindsey District Council as our partners in a South and East Lincolnshire Council Partnership (S&ELCP), a Community Lottery Scheme to raise money for local good causes across the sub-region, in accordance with the provisions of this report be established.
2. The appointment of Gatherwell as the external lottery management company (ELM) to provide the day to day management and operation of the lottery on behalf of the Councils be approved.
3. Delegated authority be given to the Deputy Chief Executive - Communities, in consultation with the Portfolio Holders, to agree final arrangements for process and criteria for the inclusion of 'good causes' that would benefit from proposed the scheme.
4. The Deputy Chief Executive - Communities and the Assistant Director – Wellbeing and Community Leadership are nominated to be the Personal License holders for the S&ELCP Community Lottery Scheme.
5. Agree that a one off payment of £2,800 is allocated from the Transformation Reserve reserves to enable to the initial set up of the scheme.

REASONS FOR RECOMMENDATIONS

The recommendations propose the creation of a Community Lottery Scheme for the partner councils in S&ELCP which will enable additional funding to be raised for local community-based initiatives and in addition partnership opportunities with the Voluntary and Community Sector (VCS) in the sub-region of Lincolnshire.

The initiative will enable the Partnership, through each of the partnership Councils, to support the priorities of local communities by working in partnership with our residents.

OTHER OPTIONS CONSIDERED

- 1) Not to establish a partnership lottery scheme
- 2) Deliver the lottery in-house

1. BACKGROUND

- 1.1 The sub region of Lincolnshire has a thriving Voluntary and Community Sector, providing valuable services of support, advice and activities for their communities. These services significantly benefit the health and wellbeing of residents, providing opportunities for active citizenship and helping people meet their aspirations and live the lives that they want.
- 1.2 Funding for these organisations and their services has often relied on external funding sources, either through small grant schemes or fundraising. Regrettably, over the past few years opportunities for fundraising activities have declined. At the same time demand on the sector has substantially increased, compounded by the impacts of Covid-19.
- 1.3 Covid-19 has highlighted the critical importance of local government to their places and communities. Forging deep connections of understanding and relationship building, local

government organisations are required to ensure community cohesion, resilience and community identity is nurtured, developed and well supported at a local level.

- 1.4 With the ability to combine resources and deliver cross-cutting community responses, the S&ELCP is best placed to align resources to address common challenges which face our communities. For the Voluntary and Community Sector, seeking to address the funding challenges as a partnership will have greater impact.
- 1.5 Each sovereign council of the S&ELCP has set out the importance of its communities within their individual corporate plans. Enabling the Voluntary and Community Sector further will in turn provide additional opportunities for the communities that they assist.
- 1.6 In November 2015 Aylesbury Vale District Council (AVDC) launched the very first Local Authority lottery. This was created directly in response to the pressure on the community funds budgets and to help the Voluntary and Community Sector (VCS) gain access to new funding streams.
 - AVDC raised £70,000 for good causes in its first year of operation.
 - AVDC use an External Lottery Manager (ELM) to administer the lottery on its behalf.
 - There is no cost to the Council for this service, but the ELM is funded from a share of the ticket cost.
- 1.7 Other authorities have subsequently developed their own lotteries based on a External Lottery Manager model including Essex County Council, Portsmouth City Council, Gloucester City Council, Tunbridge Wells Borough Council, Peterborough City Council, North Lincolnshire Council, South Kesteven District Council, Blaby District Council, Melton Borough Council, Mendip Borough Council, Taunton Deane Borough Council, London Borough of Barking & Dagenham, Chiltern District Council, South Northampton Council, Torbay Council, Wycombe District Council, Rushmoor Borough Council, South Bucks District Council, Newcastle-Under-Lyme Borough Council, South Staffordshire Council, Corby Borough Council, Hart District Council and Borough of Broxbourne. Gatherwell Ltd support of 90 local authority lotteries across the country including 4 in Lincolnshire.
- 1.8 Establishing a Community Lottery Scheme across the S&ELCP could raise £119,376 annually to support our local communities. This is based on experiences in findings from other council areas and is a prudent estimation.
- 1.9 There are a number of different External Lottery Managers in operation. Each provides a different model in relation to pricing, prize structures, and apportionment of the ticket price.
- 1.10 If Members agree the development of a Community Lottery Scheme, South Holland District Council would, on behalf of the partnership;
 - a) contract with Gatherwell to provide external lottery management and
 - b) apply for the appropriate license and memberships.

2. REPORT

2.1 This section of the report sets out an overview of how the Community Lottery Scheme would work based on an External Lottery Managers (ELM) model.

Operating Principles

2.2 This section of the report sets out the operating principles of the schemes which have been established by other local authorities.

2.3 **Table 2** shows how the cost of the Ticket is distributed to support local communities and to ensure that there is no cost to the Partnership in operating a Community Lottery Scheme.

Table 2 – Ticket cost/benefit distribution

Ticket Sale	Cost/Benefit Distribution	%
£1		
	Contribution for Local Communities	60
	Prizes	20
	ELM	17
	VAT	3

2.4 In relation to the Contribution for Local Communities, 50% is a contribution to the individual cause selling the ticket and 10% to the central fund which can be used by the Partnership.

2.5 The odds of winning a prize is 1 in 50 with prizes ranging from 3 free tickets for 2 numbers matched, £25 for 3 numbers, £250 for 4 numbers, £2,000 for 5 numbers and the top prize of £25,000 for all 6 numbers.

2.6 In addition to the main cash prizes, the ELM scheme can offer the ability to add 'Bolt-on' prizes, these can be used at any time to encourage participation or promotion of the Community Lottery Scheme.

2.7 As part of ethical lottery management, tickets are available online only and payment for tickets is made by Direct Debit or payment card upfront. The ticket purchaser can choose which good cause to support, or they can support the central fund.

Responsibilities between the Partnership and the ELM

2.8 The responsibilities for the Community Lottery Scheme is shared between the Partnership and the ELM as follows:

Local Authority

- *Define eligibility criteria* – set the criteria for good causes to join the lottery.
- *Approve new causes* – on a regular basis approve (or reject) new cause applications.
- *Authorise payments* – authorise payments to the good causes (monthly) and authorise the Lottery return forms (quarterly).
- *Marketing* – promote the central fund and the lottery to good causes.
- *Licence holder* – apply for Local Authority Lottery licence and nominate staff to oversee the scheme.

ELM

- *Website* – operate a bespoke website designed in partnership with the Local Authority.
- *Marketing* – provide high resolution marketing materials, maintain regular updates, bespoke good causes, provide marketing assistance for other campaigns.
- *Running the lottery* – payments, player engagement, player retention and lottery management.
- *Support* – providing dedicated support for supporters and good causes.
- *Your lottery expert* – to provide support to help the Local Authority with everything and anything related to the lottery.

2.9 Each good cause that is supported by the lottery has its own page within the lottery website and is provided with their own bespoke marketing material by the ELM. Each good cause is incentivised to promote the lottery by encouraging supporters to buy tickets and select them as the good cause to support.

2.10 The Local Authority is responsible for establishing the criteria for inclusion in the scheme. **Appendix A** contains the criteria which could be used based on schemes which are successful in other areas, these can be specific or could be more general in nature. These will be as simple as possible whilst ensuring that a level of quality assurance is in place for safeguarding and basic governance. If good causes would like to be part of the scheme and are without the necessary assurances to be eligible, they will be provided support and assistance to get these in place if they would like them.

2.11 If Members agree to the development of Community Lottery Scheme, the Partnership will need to develop a process for accepting and signing up good causes. Based on other lottery schemes in operation this is not onerous and could be incorporated within existing resources. It is proposed that this work would be managed by the Partnership's Wellbeing and Community Leadership Team.

2.12 The Wellbeing and Community Leadership Team are best placed to develop appropriate criteria for signing up good causes, ensuring that the aims of the organisations have a strong alignment with Partnership's strategic priorities, and that they are able to demonstrate the outcomes they have achieved. Additionally, when establishing the specific criteria, consideration will be given to the area benefitting from an organisation's activities and the financial viability of the organisation.

Timescales

2.13 The indicative timescale for delivering a Community Lottery Scheme would be within six months, and the start-up costs are approximately £8,400 in total for the Partnership. The process is broadly as follows:

- Apply for licence from Gambling Commission
- Launch the lottery for good causes
- Launch the lottery for players

Set up costs include;

- £5,000 initial set-up fee for external lottery management
- £800 Gambling Commission License
- £410 application and membership to the Lotteries Council
- £2190 initial marketing and launch prizes

Set-up contribution for each Council would be £2,800.

- 2.14 The two launches would each require a marketing campaign to be run. The first would target good causes which meet the criteria established by the Partnership for this purpose. The second would focus on promoting the lottery to residents to encourage ticket sales. This process would be supported by the good causes, who have an interest in getting lottery players to select their good cause when they buy a ticket. The ELM would manage the administration of the lottery, including ticket sales, conducting the draws and distributing prizes.

3. CONCLUSION

- 3.1 Local lottery schemes have been in operation for over 6 years, a range of Local Authorities across the country have successfully raised funding for good causes for their local areas. There is clearly an opportunity for the South & East Lincolnshire Councils Partnership to establish a Community Lottery Scheme to support community-based initiatives and programmes and in addition partnership opportunities with the Voluntary and Community Sector in the sub-region of Lincolnshire.

4. EXPECTED BENEFITS TO THE PARTNERSHIP

- 4.1 Whilst the amount raised through the Community Lottery Fund can not be guaranteed, projections have been made for the South and East Lincolnshire Council Partnership area as a region based on experience in other local authority community lottery schemes. The estimated 16+ population of Boston Borough, East Lindsey District and South Holland District is 255,076.

Table 3 shows the estimated amount which could be achieved across the S&ELCP.

Table 3 – Potential financial benefit for local community initiatives and programmes

No. Players	Population %	Gross Return £	Central Fund (10%) £	Good causes (50%) £
638	0.25	59,688	5,969	29,844
1275	0.5	119,376	11,938	59,688
2551	1	238,751	23,875	119,376
3826	1.5	358,127	35,813	179,063
5102	2	477,502	47,470	238,751
6377	2.5	596,878	59,688	298,439

- 4.2 Running a Community Lottery Scheme across the S&ELCP sub-region will enable smaller, local organisations to participate, the cost of which would otherwise be prohibitive for them. It will also enable residents to choose the cause they want to support within their communities, and provide a potential funding source for those organisations the Partnership can't directly afford to support.

IMPLICATIONS

5. SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

- 5.1 Managing a Community Lottery Scheme as a Partnership approach will ensure resources are aligned for efficiencies, that our local knowledge will identify local beneficiaries within the Voluntary and Community Sector and promotion of the scheme is maximised.

6. CORPORATE PRIORITIES

- 6.1 The following Corporate Priorities are supported through the operation of a Community Lottery Scheme:

- Boston Borough Council – 'Priority 1 - People Focused'
- East Lindsey District Council – 'Maximise health and active lives'
- South Holland District Council – 'Your health and wellbeing'

7. STAFFING

- 7.1 Utilisation of an ELM scheme would ensure that staffing resources across the partnership were minimalised however these would include contractual monitoring alongside payment authorisations to identified groups. Some additional promotion of the scheme would be required which can be incorporated within existing resources.

8. CONSTITUTIONAL AND LEGAL IMPLICATIONS

- 8.1 The Council will be required to register a local authority lottery with the Gambling Commission and run under an operating licence in accordance with the Gambling Act 2005.
- 8.2 A licensed local authority may then use an ELM to manage all, or part, of the lottery. An ELM is defined in section 257 of the Act as someone that is a person or a body who makes arrangements for a lottery on behalf of a local authority but is not a member, officer, or employee of the authority.

9. DATA PROTECTION

- 9.1 All data would be managed by the ELM in line with their Privacy Policy.

10. FINANCIAL

- 10.1 As detailed in 2.13 the initial set up cost for the scheme across the partnership is £8,400. With a contribution from each of the three councils of £2,800. The set up costs can be met from the Transformation Reserve.
- 10.2 Total subsequent annual cost for the scheme is £1,181. This consists of £796 for the Gambling Commission License and £385 for membership to the Lotteries Council.

- 10.3 As outlined in 4.1, 50% of the funds go directly to the good causes in the lottery scheme. There is an additional 10% available to the Councils which can be used to support annual costs and for the Council to invest further into grant programmes or other projects.

11. RISK MANAGEMENT

- 11.1 There may be concerns that establishing a lottery could be seen as the Council encouraging gambling and creating a risk of people developing a gambling addiction. Others may have a moral or religious objection to establishing a lottery. However, lotteries are considered very low risk gambling activity by the Gambling Commission, due to the lack of instant gratification, and the lower chances of winning compared to other gambling activity. The motivation for playing community lotteries is to give to good causes.

- 11.2 Gatherwell Ltd have ethical lottery management model has measures in place to mitigate the risk of problem gambling. These measures include;

- A maximum of 20 tickets can be purchased in any one transaction per supporter
- There is no instant reward or gratification because;
 - Tickets cannot be purchased for the day of the draw
 - payment must be cleared before entry
 - one off single tickets cannot be purchased
 - play can only be through Direct Debit or card payment online (1/3/6/12 months upfront payment)
- Players are able to set up a self-exclusion agreement – and reasonable steps will be taken to prevent further participation, including removing name and details from marketing databases.
- Gatherwell have internal processes to identify anyone at risk and their team are trained to help identify signs of vulnerable players. This includes contacting any supporter with a high-ticket yield to ensure they are fully aware of their purchase and lottery entries.
- Links to the Gamble Aware organisation for help and support are available on community lottery websites.

12. STAKEHOLDER / CONSULTATION / TIMESCALES

- 12.1 The S&ELCP will determine the eligibility criteria that enables applications from the Voluntary and Community Sector. On sign off by the relevant delegated officer, Voluntary and Community organisations will be contacted to ensure they are aware of the scheme.

- 12.2 It is anticipated that a Community Lottery Scheme can be in operation within 6 months from approval.

13. REPUTATION

- 13.1 A Community Lottery Scheme will have a positive impact on the reputation of the S&ELCP as it has the potential to support valuable organisations to continue their services.

14. CONTRACTS

- 14.1 On behalf of the partnership, South Holland District Council will contract with Gatherwell to provide external lottery management and this will be closely monitored.

14.2 Gatherwell Ltd are the principle ELM supporting local authorities across the country and have extensive experience and track record of success in the public sector. Alternative ELM providers do operate but do not have the specialism of local authority run schemes or only deal with charities and not local good causes or do not provide the administration of the scheme

14.3 Having completed research and established Gatherwell Limited as a suitable supplier of a lottery service, an exemption is required to appoint Gatherwell Limited as no tender process has been undertaken. The Contract Procedure Rules allow Cabinet to waive the requirements of the Contract procedure Rules as follows:

3.1 Except where the Public Contracts Regulations 2006 apply, the Cabinet has the power to waive any requirements within these Contract Procedure Rules for specific projects. An exemption under this Rule 3 allows a contract to be placed by direct negotiation with one or more suppliers rather than in accordance with Rule 9. (See the Log of Delegations to Officers for details of officers who may action this Rule.)

The value of this contract is below the threshold for services (£213,477 incl. VAT) in the Public Contracts Regulations 2015 (which have superseded the 2006 regulations quoted in the Contract Procedure Rules). However, it is likely that the contract would fall under the definition of being a concession. The Concession Contracts Regulations 2016 would apply to a contract such as this and are similar to the Public Contracts Regulations 2015. However, the value of this contract falls well below the threshold for concessions (£5,336,937 incl. VAT).

Cabinet can therefore waive the requirements of the Contract Procedure Rules to allow a contract to be directly awarded to Gatherwell Limited.

The contract with Gatherwell Limited has a minimum term of 1 year and then rolls on automatically with the Council able to then give three months' notice to end the agreement at any time. The agreement will be kept under review and officers will monitor the market to determine if there are other providers who enter the market that would allow a competitive process to be undertaken in the future.

15. CRIME AND DISORDER

15.1 None

16. EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

16.1 The establishment of a Community Lottery does not have any identified disproportionate impacts on groups with protected characteristics. The following has been considered;

Age of players

Community lotteries can only be played by residents aged 16 or over.

Good causes and groups

The community lottery provides a platform for local groups, charities and good causes to raise funds, many of which will support residents across a number of protected characteristics.

Religious Beliefs

Some groups within this protected characteristic do not support gambling. Any complaints will be monitored and appropriate action taken. In addition, further opportunities for supporting local groups to fundraise are being developed.

- 16.2 The industry is tightly regulated and requires a demonstration of safeguarding policies and vetting process to gain approval and a license to run lotteries via the Gambling Commission. This includes specific measures to protect children and vulnerable people from being harmed or exploited by gambling. This includes strong guidelines to prevent the marketing of lotteries to underage or vulnerable people.

17. HEALTH AND WELL BEING

- 17.1 Additional funding for the Voluntary and Community Sector via a Community Lottery Scheme will ensure the benefits of the sector continue to be realised by the communities that they assist.

18. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 18.1 There are opportunities to support local Voluntary and Community organisations across a range of specialisms. These may include environmental groups that support our communities.

19. ACRONYMS

- 19.1 S&ECLP – South and East Lincolnshire Council Partnership
 ELM – External Lottery Manager
 VCS – Voluntary and Community Sector

APPENDICES

Appendices are listed below and attached to the back of the report: -

<i>APPENDIX A</i>	Community Lottery Criteria
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BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council body.

REPORT APPROVAL

Report author:	Emily Spicer – Assistant Director – Wellbeing and Community Leadership
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Signed off by:	Nathan Elvery – Deputy Chief Executive - Communities - Communities
Approved for publication:	Portfolio Holder – Housing & Communities, Councillor Martin Griggs, Boston Borough Council

Appendix A

S&ELCP - Community Lottery Scheme Criteria

We want to enable as many organisations as possible to join the good causes lottery under the South and East Lincolnshire Council's Partnership Community Lottery Scheme. As you will be joining under our overall gambling license (Gambling Act 2005) we have to ensure that member organisations meet certain criteria. There is no application fee.

Your organisation must:

- Provide community activities or services within Boston, East Lindsey or South Holland, which are of benefit to the residents of Boston, East Lindsey or South Holland;
- Have a formal constitution or set of rules;
- Have a bank account requiring at least 2 unrelated signatories; and
- Operate with no undue restrictions on membership.
- Have safeguarding and health and safety policies

And be either:

- A constituted group with a volunteer management committee, with a minimum of three unrelated members, that meets on a regular basis (at least 3 times per year); or
- A registered charity, with a board of trustees.

Or :

- A registered Community Interest Company, and provide copies of your Community Interest Statement, details of the Asset Lock included in your Memorandum and Articles of Association, and a copy of your latest annual community interest report.

We will not permit applications to join the Lottery:

- from groups promoting or lobbying for particular religious or political beliefs or campaigns
- from organisations that do not do work within the boundaries of Boston, East Lindsey or South Holland
- from individuals
- from organisations which aim to distribute a profit
- from organisations with no established management committee/board of trustees (unless a CIC)
- that are incomplete
- The Council reserves the right to reject any application for any reason.
- The Council reserves the right to cease to license any organisation with a minimum of 7 days notice for any reason. If fraudulent or illegal activity is suspected cessation will be immediate.

FINANCE PROFORMA

PROFORMA FOR APPROVAL OF THE RELEASE OF RESOURCES

(CAPITAL AND REVENUE BUDGETS)

FROM:

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS
IN RESPECT OF THE ATTACHED

REPORT:

REPORT DATE:

OPTION 1	£ Year 1 2020/21	£ Year 2 2021/22	£ Year 3 2022/23	£ Year 4 2023/24	£ Year 5 2024/25
Revenue					
Set up cost	2,800	0	0	0	0
Annual renewal	0	394	394	394	394
Total Revenue Cost	2,800	394	394	394	394

Funding required:

Total capital cost £

Revenue cost £

Considered by:

Enter committee here

Enter Council or
Cabinet/Executive here

Date:

Financial Services Comments

Risk

Procurement

Value for Money Efficiency

This FP is valid for 3 months from FP date	If this FP is no longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.