



**Corporate Policy &  
Resources**

**19 July 2018**

**Subject: Community Lottery**

Report by:

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Purpose / Summary:

To approve spend of funds generated from the  
Community Lottery

**RECOMMENDATION(S):**

1. That Members approve the allocation of funds generated from the community lottery to the council's Community Grants Programme overseen by the Prosperous Communities Committee.

## IMPLICATIONS

**Legal:**

The Council shall become licensed to deliver a society lottery. This shall be conducted in line with all required Gambling Commissions rules and procedures with expert advice and management provided by the External Lottery Manager.

**Financial: FIN/80/19**

The revenue costs of the proposed Community Lottery scheme are;

**2017/18 £5.4k**

Set up costs – website £3.0k

Gambling Licence fees - £0.9k (£0.2k licence application, £0.7k annual fee due from first year of operation)

Promotional and Marketing costs - £1.5k

**Ongoing £1.7k**

Gambling Licence fees - £0.7k

Promotional and Marketing costs - £1.0k

All costs to be met from Community Grant Programme. The Community Grant Programme has been approved for 5 years from 2017/18 to 2021/22.

The £1k ticket purchase would be collected via online payment by the ELM and distributed as follows;

	% Allocation
Specific Good Cause	50%
Prizes	20%
West Lindsey Community Grants	10%
External Lottery Provider	17%
VAT	3%
<b>TOTAL</b>	<b>100%</b>

Income from the lottery shall be used to assist in funding existing commitments to community and voluntary sector organisations. Until the level of funds being raised is known it is difficult to anticipate the levels that may be generated. An annual review will be undertaken to ensure that the lottery is running in line with the aims set out in this report.

An indication of this allocation in monetary terms, based on 2% of WLDC population (\*West Lindsey population 89,250 from 2011 Census) purchasing 1 ticket every week for a year:

2% of population purchasing 1 ticket per week for a year 1,785 tickets per week	Annual Amount Generated £000
Total ticket income to ELM (100%)	92.8
Issued to specific good causes (50%)	46.4
Paid to WLDC (10%)	9.2
Prize money distributed by ELM (20%)	18.6
VAT (3%)	2.7
Retained by ELM – management fee (17%)	15.7

**Staffing:**

At least 2 Council officers will be the license holders for the lottery scheme.

**Equality and Diversity including Human Rights :**

**Risk Assessment:**

None

**Climate Related Risks and Opportunities:**

None

**Title and Location of any Background Papers used in the preparation of this report:**

**Call in and Urgency:**

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

**Key Decision:**

A matter which affects two or more wards, or has significant financial implications

**Yes**

**No**

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## 1. Background

- 1.1 The Council is committed to working with and supporting the community and voluntary sector (CVS) in West Lindsey. We currently provide grant funding via community grant schemes along with core funding support to key delivery organisations. In 2017/2018 we awarded £499,870 as community grants.
- 1.2 We continue to face budget pressures which will inevitably begin to impact on the funding we are able to provide in support of our community and voluntary sector. We continually explore and research new ways of working to maintain or enhance our support where possible.
- 1.3 A community lottery has the potential to help all CVS organisations to address funding pressures they are facing, increase their overall sustainability and reduce their dependency on grant funding. Community lotteries delivered in this format have been operating since 2015 when the first was launched by Aylesbury Vale District Council (Vale Lottery). They have since been replicated by various local authorities across the country including North Lincolnshire Council and City of Lincoln Council.
- 1.4 The Vale Lottery can be viewed online: [www.valelottery.co.uk](http://www.valelottery.co.uk). This report proposes to establish a community lottery in West Lindsey replicating schemes such as the Vale Lottery and many others established since by other Local Authorities across the country.
- 1.5 The launch of a West Lindsey Community Lottery was approved by Prosperous Communities Committee on 5<sup>th</sup> June 2018. Depending on the timescales for obtaining the gambling license the scheme will launch towards the end of 2018 or in June 2019.

## APPENDIX A – Community Lottery Overview

### 2. West Lindsey Lottery Principles

- 2.1 A lottery run by the Council shall be delivered with the following principles:

#### **Delivering the proceed locally**

Would deliver benefits to local causes only. Players can easily see that the proceeds will stay within the District and local community.

#### **Maximising benefits to the community**

The aim of the Council delivering a community lottery is to significantly support our communities and community and voluntary sector. The lottery would commit to 60% of proceeds being given to good causes which is significantly higher than other lottery providers.

#### **Minimising cost**

Beyond initial set-up costs the lottery will be largely self-financing. Processes for distributing funding to good causes will utilise existing

mechanisms used for our community grants delivery and wider community and voluntary sector support.

### Local Winners

It is expected that most players will live within the District. We will promote stories of local people winning and encourage more participation.

### Supporting Community and Voluntary Sector

The lottery will enable local organisations to access a new source of fundraising. It provides a method of generating funding for organisations without the administration required to establish their own lottery scheme.

## 3. Ticket Price, Proceeds, Draws and Prizes

3.1 Based on existing Local Authority lottery schemes this report proposes the lottery would operate as below:

- Ticket Price: £1 per week
- Draw frequency: once per week
- 2 categories of operation:

### Specific Good Causes

Directly signing up to the lottery scheme, enabling them to fundraise for their own cause within the wider lottery process

### West Lindsey Community Grants

Unspecified good cause which sees funds delivered through existing mechanisms used by the Council to support community and voluntary sector organisations

3.2 Based on existing Local Authority lottery schemes this report proposes the lottery would operate the following proceeds apportionment:

	Specific Good Causes		West Lindsey Community Grants	
	% Allocation	£ Allocation (per ticket)	% Allocation	£ Allocation (per ticket)
Specific Good Cause	50%	£0.50	N/A	N/A
Prizes	20%	£0.20	20%	£0.20
West Lindsey Community Grants	10%	£0.10	60%	£0.60
External Lottery Provider	17%	£0.17	17	£0.17
VAT	3%	£0.03	3	£0.03

<b>TOTAL</b>	<b>100%</b>	<b>£1.00</b>	<b>100%</b>	<b>£1.00</b>
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- 3.3 Players shall be able to choose 6 numbers. To win the jackpot the ticket must match both the numbers and sequence as drawn. Players can also win a prize if the ticket matches the sequence of the first or last 2,3,4 or 5 numbers drawn. Multiple tickets are able to be purchased and number can be changed by players.
- 3.4 Bolt on 'raffle' type prizes are possible with this type of lottery. No raffle prizes are proposed at this time.
- 3.5 Players will receive the option to donate any winnings to their chosen good cause.
- 3.6 The jackpot is an insured prize. It is a guaranteed pay out of £25,000 per winner. If multiple people win the jackpot it is not shared or rolled over.
- 3.7 Based on existing Local Authority lottery schemes this report proposes the lottery would operate with the following prize structure:

	<b>Winning Odds</b>	<b>£ Prize</b>
6 numbers	1:1,000,000	£25,000
5 numbers	1:55,556	£2,000
4 numbers	1:5,556	£250
3 numbers	1:556	£25
2 numbers	1:56	3 free tickets
<b>Overall odds of winning any prize</b>	<b>1:50</b>	-

- 3.8 The table below shows what a very conservative level of players can generate for good causes:

Ticket Price £	Number of Players	% of WL population*	Tickets bought per week	Number of weeks	Gross Return	Received by Good Causes*
1	446	0.5	1	52	£23,192	£13,915
1	892	1	1	52	£46,384	£27,830
1	1338	1.5	1	52	£69,576	£41,745
1	1785	2	1	52	£92,820	£55,692
1	2231	2.5	1	52	£116,012	£69,607

\*West Lindsey population 89,250 from 2011 Census

\*No distinction has been made in the above table between players selecting specific good causes or WL Community Grants.

#### **4. Gambling Responsibility**

- 4.1 Lotteries are the most common type of gambling activity in the world. This lottery will mitigate against many of the issues related to addictive gambling by:



- Being only playable via pre-arranged sign up and non-cash payment methods
  - There is no 'instant' gratification or 'instant reward' to taking part
  - The lottery will be fully compliant with the Gambling Commissions licensing code of practice, which includes self-exclusion and links with support organisations
- 4.2 Due to the above factors it is reasonable to believe that this Lottery will not significantly increase problem gambling and that the benefits to good causes in the District from the proceeds of the lottery outweigh the possible negative issues.
- 4.3 Whilst delivering a community lottery provides a new dimension to our community funding work, the council does already engage with other lotteries and benefits from funds raised through gambling. This includes:
- Grants awarded to the Council raised from lottery schemes (e.g. Heritage Lottery Fund)
  - Match funding awarded by the Council to support bids for grants awarded by lottery schemes (e.g. Big Lottery Fund)
- 4.4 The main focus of this community lottery is to enable local community organisations and good causes to raise additional funds which they may not have otherwise been able to obtain. Marketing and promotion of the community lottery will focus on this to ensure residents and players recognise the local community benefits achieved.
- 4.5 It is proposed that the Community Lottery is included in a future audit plan to ensure full compliance with all required legislation and to give assurance around its operation and responsibilities.

## **5. Financial Implications**

- 5.1 The Lottery is designed to be self-financing following initial set up with only the license and marketing costs for the Council to cover annually.
- 5.2 The following costs shall be incurred during initial set up:
- License application: £220
  - Licence fees: £692
  - First year marketing: £1,500
  - Initial scheme setup (including website and administration): £3,000

**TOTAL: £5,412**

Funded from the Council's Community Grants Programme.

- 5.3 The following costs shall be incurred annually:

- License fees: £692
- Marketing: £1,000

**TOTAL: £1,692**

Funded from the Council's Community Grants Programme.

- 5.4 This report proposes to re-allocate funds from the existing Community Grant Programme to cover the initial set up and annual costs as stated above. The Community Grants Programme budget has been set for 5 years and will be subject to review towards the end of this period.
- 5.5 The re-allocation of funds required to launch and deliver the community lottery will have a minimal impact on the overall total annual budget available for delivering agreed community grant schemes.
- 5.5 Income from the lottery shall be used to assist in funding existing commitments to community and voluntary sector organisations. Until the level of funds being raised is known it is difficult to anticipate the levels that may be generated. An annual review will be undertaken to ensure that the lottery is running in line with the aims set out in this report.

## **6. Recommendations**

- 6.1 That Members approve the allocation of funds generated from the community lottery to the council's Community Grants Programme overseen by the Prosperous Communities Committee.