



Report of:	Meeting	Date
Councillor Alan Vincent, Resources Portfolio Holder and Clare James, Head of Finance	Cabinet	28 November 2018

## Wyre Community Lottery Report

### 1. Purpose of report

- 1.1 To seek approval to proceed with the procurement of the preferred External Lottery Manager (ELM) and to introduce the Wyre Community Lottery.

### 2. Outcomes

- 2.1 We will work with our partners (including Parish and Town Councils) to facilitate a different relationship with our residents and communities that encourages resilience, capacity and independence.
- 2.2 To facilitate the delivery of community priority projects through the Together We Make a Difference Network.

### 3. Recommendations

- 3.1 That approval is given to procure the ELM for up to five years (subject to annual review) under the exemptions to contract procedures contained within the Financial Regulations and Financial Procedure Rules. This is on the grounds that exemptions are permitted to contract procedures where the "goods, works or services are of a specialised nature carried out by only one or a limited number of firms with no reasonable satisfactory alternatives available."
- 3.2 Working alongside our preferred ELM, to begin the collaborative planning process with a view to launching the Wyre Community Lottery in Summer 2019, accommodating the minimum six month lead-in from when the ELM is appointed.
- 3.3 To appoint the Service Director for Health and Wellbeing (with the Service Director for Performance and Innovation acting as deputy) to hold the licence and submit the necessary application to the Gambling

Commission.

## **4. Background**

- 4.1** Voluntary and community organisations are often funded by grants from public bodies and charitable donations. In the current period of austerity and reduced central government funding for local authorities, such public funding for voluntary and community organisations is reducing. A local authority delivered lottery can become an additional income stream for the voluntary and community sector and provide much needed financial resources for good causes.
- 4.2** A Wyre Lottery has the potential to help local voluntary and community organisations by providing funding support. Maximising benefits to the community, a Wyre Lottery would typically see 60% of proceeds being given to good causes and none of the proceeds generated profiting Wyre Borough Council. This compares to approximately 28% of every £1 spent on a UK National Lottery ticket.
- 4.3** Approximately 50 local authorities in the UK have or are in the process of setting up their own local lottery with Aylesbury Vale being the first to launch such a scheme in November 2015. The success of this and other local lotteries has established a proven procurement route and operational methodology.
- 4.4** Officers attended a presentation from the preferred ELM earlier in the year and a Portfolio Holder report was approved to seek views from stakeholders and the general public on the creation of a Wyre Community Lottery. It was agreed in that report that following the outcome of the consultation a further report would follow.
- 4.5** From 27 July to 16 September 2018 Wyre Council undertook a public consultation regarding the potential introduction of an externally hosted community lottery.
- 4.6** The consultation was conducted to establish the views of key stakeholders, including individual members of the public as well as community groups and organisations, on the creation of a Wyre Community Lottery. The questionnaire allowed respondents to share their views on the scheme and it also provided a platform for community groups and organisations to feedback on whether they felt a Wyre Community Lottery would be of benefit to their group and they would support its introduction.
- 4.7** The consultation was in the form of an online questionnaire and was promoted through the use of posters at community places across Wyre, together with e-alerts to the subscribers of the council's email marketing service. There was also media coverage in the Blackpool Gazette, Garstang Courier and Lancashire Evening Post. The council's Facebook and Twitter accounts were also used to signpost people to the

consultation information and questionnaire. Parish and Town Councils were invited to respond through a news bulletin sent to their clerks.

## **5. Key issues and proposals**

- 5.1** There were a total of 97 responses to the consultation and respondents were asked whether they were submitting responses as an authorised representative of a community or not for profit organisation or as a member of the public. Almost two-thirds were responding as a member of the public.
- 5.2** Of the 34 respondents who represented community or not for profit organisations, the two largest sub-groups were Charities and Community Groups who both had 9 respondents. Selected other represented groups included guides, brownies, scouts, sports clubs, musical groups and Town/Parish Councils. All of these respondents agreed that their group/organisation would benefit from a local lottery and would be supportive of such a scheme. Furthermore, 97% of respondents would be willing to promote the lottery to their supporters and 91% would like to attend an information event.
- 5.3** Comments were also generally very favourable from the respondents who were not responding as an authorised representative from community groups/organisations. A summary of all responses, from both members of the public and authorised representatives, is available at Appendix 1.
- 5.4** Following on from the outcome of the consultation it is proposed that we enter into a direct procurement arrangement with Gatherwell who are one of a very limited number of ELMs and who represent an experienced operator of local lotteries. Their ongoing fees are contained within the price of the individual lottery tickets, one-off implementation costs of £3,000 is a competitive price and represents a discount on their current fee.
- 5.5** The ELM will be responsible for operating the lottery and providing the website services for community groups etc. and purchasers of tickets as well as marketing materials and general support. This includes dedicated phone numbers, email addresses and social media accounts.
- 5.6** If approval for the lottery is given then it takes approximately six months for a licence to be obtained meaning that the timescales for launching the lottery should be in line with the following estimates:
- Week 1 – w/c 10 December 2018: Establish Branding requirements and initiate the Gambling Commission (GC) Licence application.
  - Weeks 2 to 12 – w/c 17 December 2018 to w/c 11 March 2019 (allowing for shutdown at Christmas): Progress GC application, Website development, payment accounts, Telephone number etc.

- Weeks 13 to 18 – w/c 18 March to w/c 22 April 2019: Website testing, payment account integration, GC Licence issued plus launch event for Good Causes.
- Week 20 – w/c 6 May 2019: Launch website and start marketing to public – start selling tickets.
- Week 26 – w/c 17 June 2019: First Draw and the Lottery is Live.

**5.7** The cost of the launch of a Wyre Local Lottery is expected to be £3,000 to Gatherwell for the initial implementation plus one-off application fees totalling £269 to the GC and Lotteries Council. Ongoing costs to the GC for licensing and Lotteries Council Membership will cost in total, £1,042 p.a. and this will be recovered from the sale of tickets. The council will not profit from the operation of the lottery but will be entitled to recover direct operating and marketing costs (excluding staff time) from the sale of tickets so as not to suffer any loss from licensing or marketing the scheme.

**5.8** Each ticket will cost £1 per week and the proceeds will be split in the following way:

- 60% to Good Causes
- 20% to Prizes
- 17% to ELM
- 3% to HMRC for payment of VAT

**5.9** The Good Causes 'pot' allows purchasers to nominate a preferred community group/good cause so that 50% of the cost goes to a specific good cause and 10% to general good causes. If no specific good cause is nominated then all 60% of the good cause element goes to general good causes.

**5.10** Supporters of the Wyre Community Lottery can pay by direct debit or payment card and either a monthly direct debit or an upfront payment for 1/3/6/12 months taken. Players can buy multiple tickets for multiple causes. The more numbers ticket holders match the bigger the prize. Winners are notified via email of any prizes and are given the option to have their winnings paid into their nominated account or donated to their chosen good cause.

**5.11** Good causes are required to promote the lottery to their supporters and a pre-launch event will enable engagement to commence across the various community groups and organisations. Marketing materials will be supplied by the ELM to good causes but the success of the fundraising platform is dependent on how much effort they put into the process. All Good Causes will be vetted by the council before they can advertise on the website. There is no application fee for good causes to join.

- 5.12** The Community Fund generated by the general good causes 'pot' will be administered by the council according to agreed criteria. The distribution of funds will be determined at a senior level including the Service Director for Health and Wellbeing, Service Director for Performance and Innovation, Head of Finance and the Actives Lives and Community Engagement Manager.
- 5.13** A number of comments were received in the consultation with regard to concerns around encouraging gambling addiction. A donation to a gambling responsibly charity is made as part of the Lotteries Council membership fee and lotteries are considered to be low risk owing to its delayed gratification nature and the controlled form of its reward structure. The lottery website will contain links to gambling support organisations and it is considered that the benefits to good causes outweigh any risks.
- 5.14** The prize breakdown will range from a maximum prize of £25,000 for matching all six numbers, to the more modest reward for matching two numbers of three free tickets. The overall odds of winning a prize are estimated to be 1 in 50.
- 5.15** As an illustration, if 1,000 tickets are sold per week then £31,200 would be generated for good causes.

## **6. Delegated functions**

- 6.1** The matters referred to in this report are considered under the following executive function delegated to the Resources Portfolio Holder (as set out in Part 3 of the council's constitution): "To consider departures from Rules relating to financial and contractual matters if appropriate".

<b>Financial and legal implications</b>	
Finance	<p>The one-off set-up fee to the preferred External Lottery Manager will be £3,000. In addition to this, there are one-off application fees to the GC (£244) and Lotteries Council (£25). Ongoing annual fees to the GC and Lotteries Council are £692 and £350 respectively. An estimated £3,000 p.a. is expected to be required for launching and marketing the lottery ongoing. All of the aforementioned will be recoverable from the sale of tickets except the initial £3,000 fee to the ELM which will be met from the surplus on the Festive Lighting budget.</p> <p>All ongoing direct costs in relation to the ELM will be met from ticket sales (minimum £1,042 for annual licensing requirements).</p>

Legal	<p>The procurement of the preferred ELM complies with the exemption to Contract Procedures contained within the Council's Financial Regulations and Financial Procedure Rules as set out in the report.</p> <p>A contract for the provision of the services will be entered into with Gatherwell.</p>
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### **Other risks/implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

<b>implications</b>	<b>✓ / x</b>
community safety	<b>x</b>
equality and diversity	<b>x</b>
sustainability	<b>✓</b>
health and safety	<b>x</b>

<b>risks/implications</b>	<b>✓ / x</b>
asset management	<b>x</b>
climate change	<b>x</b>
ICT	<b>x</b>

### **Processing Personal Data**

If the decision(s) recommended in this report will result in personal data being processed, a privacy impact assessment (PIA) will have been completed and signed off by the council's Data Protection Officer before the decision is taken (as required by the General Data Protection Regulations 2018).

<b>report author</b>	<b>telephone no.</b>	<b>email</b>	<b>date</b>
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<b>List of background papers:</b>		
<b>name of document</b>	<b>date</b>	<b>where available for inspection</b>
None		

### **List of appendices**

Appendix 1 - Wyre Community Lottery 2018 – Summary of Consultation Responses

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