

Report to Cabinet

24th September 2020

By the Cabinet Member for Community and Wellbeing



Horsham
District
Council

DECISION REQUIRED

Not Exempt

Horsham District Community Lottery

Executive Summary

This report recommends that the council continues to operate the Horsham District Community Lottery beyond its initial one year trial.

The decision to operate a Council Community Lottery was taken 24th July 2019 with the first lottery draw September 2019. The lottery has met the expectations of the first year set out in the Cabinet report in July 2019.

The lottery supports local good causes, community groups and clubs to raise funds through the sale of lottery tickets. Of each £1 ticket purchased:

- 60% to local good causes;
- 20% for the prize money;
- 17% to the External Management Lottery (ELM) Company for running costs; including relevant insurance to cover the prize fund;
- 3% VAT.

There are two different ways that the 60% per ticket for local good causes is distributed:-

- i) Where the player **nominates** a local good cause on the website, 50% of the price of the ticket goes to this good cause and 10% to the council fund;
- ii) Where the player **does not nominate** a good cause the whole 60% goes to the council fund to be allocated to local community groups, clubs or support community events

The current data (accurate as of August 2020) shows just over 1800 tickets are in play on a weekly basis. With this level of commitment the lottery is on target to raise just over £56,000 annually for local good causes. A breakdown of this figure is shown in section 3.5 below.

Recommendations

The Cabinet is recommended to approve:

- i) The continuation of the Horsham District Community Lottery after a successful year one trial

Reasons for Recommendations

- i) To continue to raise funds for local voluntary and community groups;

Background Papers - None

Wards affected: All

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Background Information

1 Introduction and Background

- 1.1 The council has a long track record of supporting and working in partnership with the voluntary and community sector. Indeed, the Voluntary Sector Support Service is now being run in-house. This report recommends continuing to operate the Horsham District Community Lottery beyond its first year.
- 1.2 The lottery has supported local good causes to access a sustainable stream of funding, as well as generating additional income for the existing community grants fund run by the Community Development Team.
- 1.3 The lottery is run in conjunction with Gatherwell, an External Lottery Management company (ELM) who provide expertise in operating the lottery and oversee the day to day running of the scheme.
- 1.4 The Horsham District Community Lottery had its first draw September 2019 and has just over 1800 weekly ticket sales and 970 weekly players.
- 1.5 81 local causes have registered and undertake their own promotion. As part of the registration process over the past twelve months a number of local good causes have taken up the offer to work with officers from the Council's Community Development team to put in place updated and robust constitutions and safeguarding policies.

2 Relevant Council policy

- 2.1 The proposal supports two of the objectives of the Corporate Plan.

These are:-

A great place to live – a number of the local good causes are sports and community groups which supports the objective to provide culture, sports and leisure opportunities to improve the health and wellbeing of our communities.

A strong, safe and healthy community – by supporting an empowered and independent voluntary sector that has the capacity to tackle local priorities. A specific objective is to launch and promote our Council lottery to raise funds for local good causes.

Local good causes securing direct funding provides a sustainable source of income which they can use how they choose. This can support community resilience.

A modern and flexible council – the council continues to provide the quality, value for money services that people need throughout the 2020s by generating income that can be used to supplement the existing community grant funds.

3 Details

3.1 Each lottery ticket costs one pound and are generally purchased on-line (they can be paid for regularly via direct debit). The lottery has a dedicated website (as well as a dedicated phone number) where the tickets are purchased.

The draw is once a week with the winner matching six numbers. The top prize is £25,000 down to £25. The winner is generally informed via email.

The person playing the lottery can nominate a local good cause to receive income from the lottery. The good causes add their own page to the dedicated lottery website which explains what they do, to encourage players to nominate them (they receive advice and support on this). There is no cost to the good cause to be part of the scheme. If the player does not make a nomination a proportion of the ticket sale goes to the council by way of a central fund which it then distributes (see more details in paragraph 3.3).

3.2 The income from the ticket is distributed as follows:-

- 60% to local good causes;
- 20% for the prize money;
- 17% to the External Management Lottery (ELM) Company for running costs; including relevant insurance to cover the prize fund;
- 3% VAT.

3.3 There are two different ways that the 60% of the money for local good causes is distributed:-

- i) Where the player **nominates** a local good cause on the website, 50% of the price of the ticket goes to this good cause and 10% to the council fund;
- ii) Where the player **does not nominate** a good cause the whole 60% goes to the council fund.

It should be noted that the money the council receives from the lottery will be used to cover the running costs of the scheme e.g. marketing and promotion, to ensure that the scheme is self-funding. However, this is likely to be a small fraction of the total money raised and is the only money that the council will use directly from the lottery.

3.4 We are anticipating raising £56,409 as a result of the first twelve months for the Council fund and local good causes. This is estimated as the number of players and ticket sales can fluctuate as more or less individuals decide to start or stop playing. Since the lottery launched the number of players initially rose swiftly and since January 2020 the number of ticket sales has remained consistently between 1745 and 1851 per week.

3.5 As detailed in section 3.3, there are two different ways that the 60% of funds can be directed towards good causes. The funds raised are broken down as follows:

Where the player nominates a local good cause on the website 50% of the price of the ticket goes to this good cause	£41,184
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Where the player does not nominate a good cause 50% goes to the council fund	£5,824
10% of each ticket sale goes to the Council fund	£9,401

- 3.6 Local good causes receive a regular sustainable source of income. There are no upfront costs to the good causes to join the scheme. They receive advice and support in promoting themselves to maximise their income.

The need for funding has been highlighted more recently than ever given the pressure the sector is facing as a result of COVID-19. Local clubs and good causes are seeing their donations subscriptions reduce beyond what could be imagined. We have seen an upturn in ticket sales during the upturn as residents continue to commit to support their local groups.

Groups apply to the council to be part of the scheme which gives the council's community development team to work with local groups to ensure their have up to date compliant safeguarding policies and appropriate constitutions which reflect how they operate as a group.

- 3.7 Feedback has been received from a number of groups with Horsham based Atlantis Swimming Club commenting

"We love the Horsham District Community Lottery because it lets our members play and creates a fun environment with the chance for them to win some cash!

The funds we have received from the lottery invested in vital equipment for our swimmers and also allow us to develop our coaching team who support our swimmers to reach their full potential."

Age UK Horsham District commented

"As a small independent charity fundraising is key to our survival. This lottery is great because it promotes our profile across the District, but also provides us with an income stream that helps keep our vital services running."

4 Next Steps

- 4.1 Continue the Horsham District Community Lottery and invite applications for the first years funding received by the council.
- 4.2 Celebrate and publicise the impact of the first year of the community lottery to encourage more ticket sales and encourage current players to continue playing.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The Community and Well Being Policy Development Advisory Group considered this proposal at its meeting on 12th May 2020. It supported the proposal to continue the lottery after its first year.

6 Other Courses of Action Considered but Rejected

- 6.1 Consideration was given to terminating the lottery after the first twelve months. This option has been dismissed as the level of funds being raised by local community groups and causes will support them to continue to operate in an increasingly challenging environment.

7 Resource Consequences

- 7.1 The ongoing running costs of the lottery equate to around £4300 and will be covered by the income received by the lottery. The costs are made up of:

Gambling Licence - £692
Lotteries Council membership - £650
Marketing and Promotion - £3000

- 7.2 The staffing demand of the lottery have been incorporated into the revised structure of the councils Community Development team which was approved Autumn 2019.

- 7.3 As referred to in section 3.3 above, the ongoing operational costs of the lottery are funded though some of the income raised. As such the lottery is operated at nil financial cost to the council going forward.

8 Legal Consequences

- 8.1 The power to set up and operate a lottery is within the general power of competence conferred by section 1 of the Localism Act 2011. Lotteries are regulated under the Gambling Act 2005 and the establishment of a local authority lottery must comply with the requirements of this. The Act creates eight categories of permitted lotteries. One of these categories allows for local authority lotteries which requires the local authority to be licensed by the Gambling Commission.
- 8.2 Local authority lotteries are promoted by local authorities themselves. These differ from society lotteries registered with a licensing authority. Local authorities **may use the net proceeds of such lotteries for any purpose for which they have power to incur expenditure.** Local authorities that allow players to participate in their lotteries by means of remote communication (internet, telephone etc.) will be required to hold a remote lottery operating licence.
- 8.3 Lotteries must return a minimum of 20 per cent of the proceeds to the purpose of the society or local authority. The model outlined in this paper is based on 60 per cent of the ticket sales being distributed to local good causes (with a deduction from the money received by the council to cover running costs).
- 8.4 The Act allows local authorities to employ ELM's to manage all or part of their lotteries so that they may benefit from the experience or economies of scale that come with employing such organisations. The fact that a local authority may employ a licensed ELM company to manage all, or part, of its lottery does not absolve the

local authority from its responsibility for ensuring that the lottery is conducted in such a way as to ensure that it is lawful and fully complies with all licence conditions and the codes of practice. Although the council will not be responsible for the day-to-day running of the lottery it is ultimately responsible for its governance.

9 Risk Assessment

- 9.1 The main risk is associated with concerns over the promotion of gambling. An assessment by the Gambling Commission (“Participation in gambling and rates of problem gambling – England 2016. Statistical Report. April 2018”) determined that playing a lottery resulted in a very low risk of players becoming problem gamblers. Only 2% of lottery players have issues with problem gambling. This is principally because this form of gambling does not give any instant gratification and therefore, lead to addiction.

However, problem gambling is an issue that must be taken seriously and the council works with the ELM to ensure that systems are in place to minimise the risk of players developing problem gambling. A requirement of the gambling licence is that effective policies and procedures should be put in place to promote socially responsible gambling. Examples of such procedures are that a limit can be set on the amount of money that can be spent on tickets and the company can produce regular reports, highlighting players that are buying large numbers of tickets. The age limit for playing a lottery is 16. Players need to register to play the lottery and confirm their age. Checks are made by the ELM to ensure that no underage players are able to register. Finally, the website and all literature will make reference to support that is available from Gamble Aware. This is an independent charity tasked to fund research, education and treatment services to help to reduce gambling-related harms in Great Britain.

10 Other Considerations

- 10.1 There are no direct impacts on Crime & Disorder or Human Rights from this proposal.

In terms of Equality & Diversity there is an opportunity for most groups to join the scheme with the only requirements being an up to date constitution, producing annual accounts and a safeguarding policy.