

<b>Communities Committee</b>	
<b>Meeting Date</b>	6 September 2023
<b>Report Title</b>	Setting up a Local Authority Good Causes Lottery
<b>EMT Lead</b>	Emma Wiggins, Head of Regeneration and Neighbourhoods
<b>Head of Service</b>	Charlotte Hudson, Head of Housing and Communities
<b>Lead Officer</b>	Stephanie Curtis, Community Services Manager
<b>Classification</b>	<b>Open</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. To set up a Local Authority Good Causes Lottery</li> <li>2. To delegate authority to the Head of Housing and Communities in consultation with the Chair of the Communities Committee to establish a partnership with an existing deliverer of lotteries in the marketplace (an External Lottery Manager – ELM) for the lottery to be run and managed.</li> <li>3. To delegate authority to the Head of Housing and Communities in consultation with the Chair of the Communities Committee to carry out the licence application process.</li> <li>4. To request all members consider allocating a portion of their Member Grant towards set-up costs of this lottery scheme</li> <li>5. For the Committee to recommend funding for this project to Policy and Resources Committee</li> </ol>

## **1 Purpose of Report and Executive Summary**

- 1.1 This report sets out the issues and possibilities of setting up a Local Authority Good Cause Lottery.
- 1.2 Although the Council provides financial support to the voluntary sector in Swale, increasing budget pressures are making this difficult.
- 1.3 A community lottery model has the potential to enhance and extend the Council's support, benefiting more local causes and residents. It extends the Council's support because a wider range of groups will be eligible to participate in the community lottery than are supported through the current funding structures. In addition, the community lottery model makes the Council the facilitator instead of the provider.

## **2 Background**

- 2.1 Local authorities have been able to set up community lotteries since legislation was passed in 2007. There are currently 68 local authorities licensed to run lotteries by the Gambling Commission and regulated under the Gambling Act 2005. It works by enabling good causes to help themselves with the local authority facilitating this by holding the operating licence in an umbrella manner.
- 2.2 Lotteries are a way for smaller organisations to raise income. They are regulated by the Gambling Act 2005. There are different types of lotteries available; this proposal falls within the category of 'society lotteries'. Society lotteries are promoted for the benefit of a non-commercial society. A society is non-commercial and conducted for: Charitable purposes; The purpose of enabling participation in, or of supporting sport, athletics or a cultural activity; Any other non-commercial purpose other than that of private gain.
- 2.3 There are two variants of society lotteries, the main difference being who issues the licence - local authorities permit small lotteries and the Gambling Commission permits large lotteries. The most common Local Authority Community Lottery used is a large society lottery.
- 2.4 Thorough research undertaken it has been found that large society lotteries have been set up by other local authorities including Aylesbury Vale, Portsmouth City Council, Melton Borough Council, Gloucester City Council, Dover District Council, Blaby District Council, Tunbridge Wells Borough Council, Ashford Borough Council, Tandridge Council and Hart District Council.
- 2.5 This research has been pulled together in a business case that is set out in Appendix I.

## **3 Proposals**

- 3.1 To set up a partnership with an existing deliverer of lotteries in the market place (an External Lottery Manager – ELM). This in effect means 'buying into' an existing lottery manager's products and as such the Council would be commissioning experts in the field to run the lottery. This ensures minimal risk to the council compared to trying to run a lottery directly as the ELM holds responsibility for the sale process, insurance of winnings etc. and is also licensed by the Gambling Commission to do this. The ELM is also able to act as a specialist advisor to the Council and provides necessary compliance training in the package.
- 3.2 Authority needs to be delegated to the Head of Housing and Communities in consultation with the Chair of the Communities Committee to establish an External Lottery Manager and to carry out the licence application process.
- 3.3 To undertake the licence application process. The Gambling Commission currently has a turnaround target of 16 weeks for new applications.

- 3.4 It is also recommended that all Councillors are approached to financially contribute towards the set-up of the scheme from their Members grant allowance,
- 3.5 There are costs for the set-up and ongoing operational management of the community lottery through an ELM. In terms of internal officer resource, the ongoing management of a lottery scheme can be managed within existing resource in the Communities team. However, it is recommended that a temporary additional resource (minimum 1 day a week for 6 months) is resourced for the set-up of the scheme.
- 3.6 If the Communities Committee wishes to take this project forward, as funding for it may fall outside of the budgetary framework, a recommendation must be made to Policy and Resources Committee for the funding.

## **4 Alternative Options**

- 4.1 In considering this report, the Committee can choose to:
- i. Do nothing
  - ii. Consider in House
  - iii. Deliver through an external partner
- 4.2 Detailed pros and cons are found in Appendix I. Taking into account the analysis detailed in Appendix 1, this business case concludes that the best option is iii) Delivery through an external provider. This is primarily due to the now proven business model and delivery method with other councils as well as the minimised investment and risk.
- 4.3 For the set-up of the scheme to be managed within the communities' team without additional temporary resource, other work streams would need to be deprioritised. Given the recent restructure within the team and reduction in resource, this is not recommended.

## **5 Consultation Undertaken or Proposed**

- 5.1 Four local authorities currently running community lotteries were contacted and asked a series of questions about set up and management. One local authority who were unsuccessful in running a community lottery and did not use Gatherwell as its ELM was also contacted. The key matters arising are detailed in Appendix 1.

## 6 Implications

Issue	Implications
Corporate Plan	This links to Priority 3: Tackling deprivation and creating equal opportunities for everyone
Financial, Resource and Property	<p>Set up and operating costs are shown in Table 5 of Appendix I. Year 1 is £5800 and Year 2 £4300.</p> <p>There are resource implications for staffing the setup of the scheme which are to an extent unknown. Discussion has taken place with Sevenoaks Council who estimated that 0.5 FTE would be required to set the scheme up. However, it is felt that 1 day a week for 6 months would be sufficient for Swale – it is estimated that this would cost £5000.</p> <p>It is recommended that Councillors are asked if they can contribute towards the set-up costs from their members grant allocation.</p> <p>There is no specific reserve identified at this stage for any shortfall in set-up costs, so funding this project would fall outside the budgetary framework and a decision may be required from Policy and Resources Committee as to how this project is funded.</p>
Legal, Statutory and Procurement	<p>Two responsible Officers will need to be appointed to hold the licence and submit the necessary Remote Society Operating Licence application to the Gambling Commission, with responsibility for making these appointments delegated to the Chief Executive.</p> <p>The contract between the Council and the ELM will have contractual liabilities. It is understood that the ELMs use standard terms and conditions for their services and it is known that other local authorities have found them acceptable. The Council will ensure that its Legal Department are fully involved in the appointment and contract negotiation process to ensure that all contractual liabilities taken on are acceptable.</p>
Crime and Disorder	None identified at this stage
Environment and Climate/Ecological Emergency	None identified at this stage
Health and Wellbeing	None identified at this stage
Safeguarding of Children, Young People and Vulnerable Adults	The contract to be agreed with the ELM will cover statutory obligations, including Child Safety, Equalities and Safeguarding policies. It will also encompass the issue of gambling responsibly. In addition, the Council will share information about gambling

	responsibly and this risk will be monitored by the Safeguarding Officer.
Risk Management and Health and Safety	<p>These are detailed in Appendix I</p> <p>The contract to be agreed with the ELM will include a requirement on them to maintain an up-to-date risk assessment relating to the provision of the service and make this available to the Council.</p> <p>This is a potentially low-risk scheme, which requires low investment, to cover officer time and external implementation support, initial licence fees and annual licence fees. Running a lottery in partnership with an ELM.</p> <p>The contract with the ELM would include provision to terminate with 3 months' notice if tickets sales are not projected to be high enough to cover the Council's year 2 and onward costs.</p> <p>However, this risk would only be low if the lottery is run in partnership with an ELM; if it was to be run in house, the risks in terms of investment could be extremely high.</p>
Equality and Diversity	EIA to be carried out. Details within Appendix 1
Privacy and Data Protection	Non identified at this stage

## 7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Business Case for Community Lottery Fund

## 8 Background Papers

- None