

## WOKING COMMUNITY LOTTERY SCHEME

### Executive Summary

Woking Borough Council has been approached by a firm – Gatherwell Ltd. – which provides Local Authorities and Schools with a lottery scheme through which funds are raised for local community organisations. The scheme is largely administered by the firm and has been adopted by 65 Councils and over 200 schools. A number of Surrey Authorities have adopted the scheme, including Guildford, Surrey Heath and Elmbridge.

This paper sets out an outline of the scheme offered with a view to considering whether a Community Lottery Scheme for Woking is an approach which would be of benefit to the residents of Woking. Supporting documents by the firm are attached: in the meantime, some of the key questions are dealt with in this report.

Phil Wright, Business Development Manager for Gatherwell Ltd., will be attending the meeting to assist with questions.

### Recommendations

The Committee is requested to consider the benefits of a Community Lottery Scheme for Woking together with the likely cost and resource implications, and recommend to the Executive whether the Council should explore further the possibility of adopting a Community Lottery Scheme.

The item above will need to be dealt with by way of a recommendation to the Executive.
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**Background Papers:** None.

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### 1.0 Introduction

- 1.1 Woking Borough Council has been approached by Gatherwell Ltd. with a proposal for a Community Lottery Scheme for the Borough. Gatherwell Ltd. is an 'External Lottery Manager' or ELM. An ELM makes arrangements for a lottery on behalf of a society or local authority but is not a member, officer or employee of the society or local authority. A society or local authority and an ELM must be separate entities and be able to demonstrate that they are independent of each other. ELMs are responsible for managing on-line lottery ticket sales and prize management.
- 1.2 Societies and local authorities can employ ELMs to manage all or part of their lotteries so that societies and local authorities may benefit from the experience or economies of scale that come with employing an ELM.
- 1.3 This report sets out details of the community lottery schemes and the offer by Gatherwell Ltd., and invites the Committee to recommend to the Executive whether the Council should explore further the possibility of establishing a community lottery scheme for the Borough. It is stressed that this report is seeking the views of the Committee on the option of appointing an ELM to manage a local lottery scheme on the Council's behalf; whilst the Council could consider establishing and managing a lottery scheme itself, the resource implications are such that it is not considered a viable option for consideration.
- 1.4 Included within this report is a summary of the main points of the scheme and the following appendices:
  - Appendix 1 – Brochure on the scheme.
  - Appendix 2 – Guidance on the ethical issue of gambling and taking part in a lottery
  - Appendix 3 – Review Report by Guildford Borough Council on its experiences of the scheme.
- 1.5 The scheme has been adopted by a number of neighbouring authorities and Members of the Committee have been encouraged to visit the website of a participating authority (for example, Guildford Borough Council, Elmbridge Borough Council and Surrey Heath Borough Council).
- 1.6 The Members of the Overview and Scrutiny Committee are asked to recommend to the Executive whether the principle of establishing a local community lottery is supported. Officers will then explore in greater detail the implications such a decision would have, in particular in terms of the costs and officer time that would be necessary to ensure the success of such a scheme. Officers would also review the different offers by the various ELMs (including Gatherwell) and recommend a process for the appointment of a suitable ELM.
- 1.7 Should the scheme be adopted by the Council, the Authority would need to undertake a number of further steps before the scheme could be put in place. This would include drawing up suitable policies, applying for the necessary licences, establishing a marketing approach and adopting guidelines for the Charities involved. Marketing will be key and it will be important to ensure that sufficient resource exists within the Marketing and Communications Team.
- 1.8 It is proposed that, should the Council establish a Community Lottery Scheme, its performance would be reviewed on an annual basis by the Overview and Scrutiny Committee. The report by Guildford Borough Council (Appendix 3) gives a good indication of the type of information that would be provided as part of the annual review.

### 2.0 Key points

- 2.1 Set out below are the key aspects of a local lottery scheme together with details of the offer by Gatherwell Ltd.

## Woking Community Lottery Scheme

<p>Local Government Lottery Schemes</p>	<p>The operation of lotteries (excluding the National Lottery) is regulated by the Gambling Act 2005. Local Authorities may run “local authority lotteries” to raise funds to cover anything for which they have the power to incur expenditure. All local authority lotteries must be licensed by the Gambling Commission, which was set up as the regulatory body under the 2005 Act. The licensing regime includes the need for a Personal Management Licence (PML) held by an individual within the organisation as well as an Operating Licence.</p> <p>The Gambling Commission has issued statutory guidance. This confirms that local authority lotteries must apply a minimum of 20% of the gross proceeds for any purpose for which it has power to incur expenditure, up to a maximum of 80% of the proceeds may be divided between prizes and expenses, and the maximum value of tickets that can be sold in a single lottery is £4million. The maximum aggregate value of lottery tickets that can be sold in a calendar year is £10 million, the maximum prize in a single lottery is £25,000 or 10% of the gross ticket sales (whichever is greater) and rollovers are permitted provided the maximum single prize limit is not breached.</p> <p>Local authority lotteries may employ an external lottery manager (ELM) to run all or part of their lottery, and ELMs must also be licensed by the Gambling Commission. The appointment of an ELM will need to be formalised by entry into a contract.</p>
<p>Lotteries</p>	<p>Lotteries have long been 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’.</p> <p>Society lotteries are promoted for the benefit of a non-commercial society. A society is non-commercial if it is established and conducted:</p> <ul style="list-style-type: none"> <li>○ For charitable purposes</li> <li>○ For the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity</li> <li>○ For any other non-commercial purpose other than that of private gain</li> </ul> <p>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).</p> <p>A large society lottery:</p> <ul style="list-style-type: none"> <li>○ Has proceeds that exceed £20,000 for a single draw</li> <li>○ Has aggregate proceeds from lotteries in excess of £250,000 in any one year</li> </ul> <p>A small society lottery:</p> <ul style="list-style-type: none"> <li>○ Does not have proceeds that exceed £20,000 for a single draw</li> <li>○ Does not have aggregate proceeds from lotteries in excess of £250,000 in any one year</li> </ul>

## Woking Community Lottery Scheme

	<p>The proposal before the Council would establish a 'large society lottery' similar to those adopted by a number of local authorities, including Surrey Heath Borough Council, Guildford Borough Council and Elmbridge Borough Council.</p>
Gatherwell Ltd.	<p><i>"We have created an easy to use, intuitive dashboard which allows local authorities to approve and create causes with the click of a button, while also tracking and managing your lottery in real time.</i></p> <p><b>Ethical and transparent</b></p> <p><i>We understand the importance of keeping costs down, that is why we have complete clarity on our costs and make sure that all donations from supporters go where they're supposed to – the good causes!</i></p> <p><b>Social media integrations</b></p> <p><i>We set up your lottery across various social media channels and have built in integrations which allow news to be shared with supporters at any time."</i></p> <p>The company was first established in 2013, specifically to support Schools through lottery schemes. In 2015, the company established a scheme for Local Authorities.</p> <p>In 2018, over £3m was raised for good causes. In 2019, Gatherwell Ltd. was awarded the 'Lottery Operator of the Year' award by The Lotteries Council.</p> <p>Further information is set out in Appendix 1.</p>
Cost to the Council	<p>Approximately £8,000 year 1.</p> <p>Following that, costs will be around £3,000 depending on the amount of promotion undertaken. The costs include an annual payment to the Lottery Council (£350) and £700 for a licence.</p> <p>Note: Gatherwell Ltd. has indicated that an Authority could, should it choose to, use the income through the scheme to offset these costs.</p> <p>Contract Period 1 year with a rolling three month contract.</p>
Scheme	<p>The scheme started when Aylesbury Vale District Council approached Gatherwell Ltd. which at that point specialised in a community lottery scheme for Schools. The District Council developed the scheme for Local Authorities with Gatherwell Ltd.. Lottery tickets are sold for £1. Players are encouraged to sign up to recurring monthly payments. Each person selects six numbers between 0 and 9 of any combination. Gatherwell Ltd. processes all ticket sales.</p> <p>Prizes are awarded on matching number sequences – the order of the numbers need to match. Top prize is £25,000 which will be met by the firm, even if won in the first week of operation.</p> <p>Weekly draws are held on Saturday evenings. Results are posted online immediately and winners will also be notified via email.</p>
Age Limit and Ethical Responsibility	<p>The minimum age to participate is 16.</p>

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	<p>Gatherwell Ltd. has prepared a document which sets out to reassure Local Authorities in respect of adopting a 'gambling' scheme. A copy is attached at Appendix 2.</p>
Responsibilities of the Authority	<p>Gatherwell Ltd. will take care of all operation and administrative requirements, including marketing strategies and advice pre and post launch.</p> <p>The remaining responsibilities for the Authority are:</p> <ul style="list-style-type: none"> <li>o Application/compliance of a Local Authority Licence from the Gambling Commission.</li> <li>o Approval of new good causes as applications are submitted online.</li> <li>o Authorisation of monthly cause payments and Gambling Commission lottery return.</li> <li>o Continuous promotion of the lottery to players and good causes.</li> <li>o The appointment of a person to have overall management responsibility for the promotion and proper management of the lottery and for compliance with the regulatory regime as a whole. The person should be a senior manager who holds the relevant delegated authority.</li> </ul>
Allocation of funding	<p>Under the Gatherwell Ltd. scheme, 60% of ticket price is donated to good causes in the local community.</p> <p>20% makes up the cash prizes players can win each week.</p> <p>17% goes towards admin and running costs incurred by Gatherwell Ltd.</p> <p>3% VAT which can be claimed back.</p>
Players Choices	<p>The players can choose to allocate the 60p of their draw price to a general fund administered by the Council or to allocate 50p to the Charity of their choice from the list maintained by the Council, with the remaining 10p going to the general fund.</p> <p>The prizes are:</p> <ul style="list-style-type: none"> <li>- 6 matched numbers - £25,000</li> <li>- 5 matched numbers - £2,000</li> <li>- 4 matched numbers - £250</li> <li>- 3 matched numbers - £25</li> <li>- 2 matched numbers - 3 free tickets</li> </ul> <p>Draws are held at 8pm every Saturday and the results are posted on-line. Winners are notified by email and receive the prize directly into nominated account or can donate the prize to a good cause.</p>
Charity Involvement	<p>The scheme is based on charities signing up with the Council and, if accepted by the Council, be added to a list of charities which the players can choose their favourites from. The number of charities is unlimited.</p>

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	<p>Each charity provides details of its services to assist players in making their choices of local services to support, as well as giving an indication of what the money will be spent on.</p> <p>As is mentioned elsewhere, engagement with the local community organisations is key to the success of a community lottery scheme and the launch in particular is an essential element.</p> <p>There is no cost to those charities and community groups participating in the scheme. They receive any income generated through the scheme on a monthly basis.</p>
Allocation of funding	<p>Any contributions direct to a Charity on the list maintained by the Council is paid to the Charity on a monthly basis.</p> <p>The funds in the general fund can be allocated at the discretion of the Authority. They do not need to be allocated within year. The Council sets the criteria for the fund.</p> <p>The players can see information on the scheme, including the details of funding awarded and the list of prizes won.</p>
Comparison with Other Lottery Schemes	<p>People's Postcode Lottery – 32% to charities.</p> <p>National Lottery – 22% to good causes</p> <p>Gatherwell Ltd. Community Lottery Scheme – 60% to charities</p> <p>Euromillions – 28% to good causes.</p> <p>Health Lottery – 20% to good causes</p>

### 3.0 Implications

#### Financial

3.1 The financial implications for the Council have been set out earlier in this report and comprise:

**Year 1** – approximately £7-8,000. This includes a one-off set up fee by Gatherwell Ltd. which includes:

- Web design, hosting, maintenance and development.
- Payment gateway investments (dedicated Direct debit and payment card accounts).
- Dedicated support telephone number, email and social media accounts.
- Marketing strategy support and gambling licence application support.
  
- Training for licence holders.

Councils are recommended to provide funds for launch marketing, including the arrangements for a formal launch event targeting the voluntary community.

**Year 2** onwards annual cost – Approximately £3,000, depending on the amount of promotion undertaken. The costs include an annual payment to the Lottery Council (£350) and £700 for a licence. Gatherwell Ltd. has indicated that an Authority could, should it choose to, use the income through the scheme to offset these costs.

3.2 The Contract Period offered by Gatherwell Ltd. is a minimum of one year with subsequently a rolling three month contract. Should the Overview and Scrutiny Committee be minded to support the idea of establishing a community lottery scheme for the Borough, Officers would undertake to assess the offers of different ELMs before reporting to the Executive.

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- 3.3 The report by Guildford Borough Council gives an indication of the money a lottery scheme could raise for local charities.

### Human Resource/Training and Development

- 3.4 There will be resource implications for Officers, including the IT Team, the Marketing and Communications Team and the Team responsible for managing the list of local Charities featured through the scheme. A suitable launch and ongoing promotion will be essential and accordingly it is anticipated that the Marketing and Communications Team will have a key role to play; should the Overview and Scrutiny Committee support the idea of a Community Lottery Scheme, further work would be undertaken in advance of consideration by the Executive to ensure that the resource implications have been fully considered.

### Community Safety

- 3.5 There are no community safety issues arising from the proposals.

### Risk Management

#### Financial

- 3.6 There is little financial risk to the Council. The minimum contract is for a year after which a three month rolling contract will be in place. The initial cost to the Council is in the region of £8,000 following which the estimated annual cost will be £3,000. The prize money is met by Gatherwell Ltd. (It is worth noting, however, that a budget for a local lottery scheme has not been identified at this stage in the consideration of the Council's options.)
- 3.7 The scheme will, however, have the potential to provide local charities and community organisations with an additional source of income. There is a risk of raising expectations amongst such organisations, an aspect that the Council would seek to address through the launch and other promotions.
- 3.8 It should be noted that the Woking and Sam Beare Hospice runs an established lottery scheme of its own. There is a risk that, should the Council establish a Borough lottery scheme, it would impact on the ticket sales of the Hospice.

#### Reputational

- 3.9 The Council's reputation could be damaged in the event that the Council launches the lottery scheme only to have to close it due to a lack of interest. It could be argued, however, that the Council was seeking to create a new funding stream for the voluntary sector at a time when funding options are harder than ever to identify.
- 3.10 There could also be a negative reaction from residents who may perceive the lottery to be a stealth tax, in addition to their Council Tax.

#### Gambling

- 3.11 There is a reputational risk to the Council associated with any lottery scheme in that there can be a perception that the Council is promoting gambling. However, lottery schemes have been adopted by over 50 local authorities and is more akin to a raffle than a lottery, appealing more to those who want to donate rather than those who want to gamble. In particular, it is worth noting that:
- The scheme would be marketed with the promotion of good causes as its focus, appealing more to people motivated to donate rather than gamble;

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- The scheme is delivered remotely and requires individuals to go through the process of setting up an online account;
- There is no instant gratification element;
- The top prize is limited to £25,000 and there are no roll overs; there are no life-changing amounts;
- The number of tickets is limited per individual.
- There will be no 'high profile' activity surrounding the weekly draw.

### Sustainability

- 3.12 There are no environmental sustainability issues arising from this report.
- 3.13 In terms of sustaining a local lottery scheme, advice from Gatherwell Ltd. and other Local Authorities emphasises the need to adopt a suitable awareness campaign and maintain the promotion of the scheme. The initial launch of the such a scheme to the voluntary sector has also been highlighted as a key stage in the development of a long term community lottery scheme.
- 3.14 The adoption of a local lottery scheme would form part of the Council's wider commitment to work with the voluntary and community sector to support it to access alternative sources of funding.

### Equalities

- 3.15 There are no direct equalities issues arising from this report. It is noted however, that as an internet-based scheme, players would need to have access to a computer in order to participate.
- 3.16 The scheme will be open to any residents aged 16 or over and guidance has been produced on the ethical issue of gambling and taking part in a lottery.

### Safeguarding

- 3.17 There are no safeguarding implications arising from this report.

### Responsible Gambling

- 3.18 The scheme offered by Gatherwell Ltd. is restricted to those aged 16 or over and the number of ticket purchases in any one week is limited to 20 per individual. Should the limit be reached by an individual, Gatherwell Ltd will contact them to ensure they are playing for the right reasons or that they meant to select that many tickets to ensure responsible gambling.

## **4.0 Conclusions**

- 4.1 This report seeks to set out the implications of the establishment of a Community Lottery Scheme for the Borough. The scheme is specific to local authorities and would provide additional income for local community organisations. The Members of the Overview and Scrutiny Committee are invited to consider the merits of the scheme and recommend accordingly to the Executive. In the event the Overview and Scrutiny Committee supports the idea of a Community Lottery Scheme, further work would be undertaken in advance of consideration by the Executive to ensure that the Council has the necessary resource availability to fulfil its responsibilities.

## **Woking Community Lottery Scheme**

- 4.2 Should the Council enter into a contract with an ELM, the scheme would be reviewed annually by the Overview and Scrutiny Committee to ensure that it continues to provide a service of value to local community organisations.

REPORT ENDS