

Overview and Scrutiny Committee Report

Report of Managing Director

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Date: 5 March 2019

## **Guildford Community Lottery**

**Officer recommendation:**

The Committee is invited to note and comment on progress with the establishment and development of the Guildford Community Lottery.

Reason for Recommendation:

To enable the Committee to review the operation of the Guildford Community Lottery.

### **1. Executive Summary**

1.1 Following a decision by the Executive in May 2018, the Guildford Community Lottery was launched on 24 September 2018 with the first draw taking place on 1 December 2018. Performance in terms of ticket sales and player numbers has been positive during the first three months of operation with the lottery supporting a wide range of good causes across the borough.

### **2. Strategic Priorities**

2.1 The “Community” theme in our Corporate Plan emphasises that “every person matters” and that this fundamentally underpins all we do. We are committed to working with partners to improve the lives of our vulnerable and less advantaged residents and to encouraging participation in local cultural, environmental and sporting activities.

2.2 The Guildford Community Lottery provides an additional funding stream to help local voluntary and community organisations provide valued services and facilities for our residents and contribute towards our own priorities. As part of Project Aspire, we have also been working to develop a greater sense of self-reliance within our communities so that residents are less dependent on our

services and can deliver and manage projects for themselves. The lottery provides a financial tool to help local community groups achieve this.

### **3. Background**

3.1 At its meeting on 22 May 2018, the Executive agreed to establish a lottery to support local good causes. Gatherwell Ltd was appointed to manage the lottery on our behalf.

3.2 We subsequently launched the new Guildford Community Lottery at a well-attended event for good causes on 24 September 2018, with the first draw taking place on 1 December 2018. Key features of the lottery include:

- (a) Gatherwell manage all aspects of the online lottery on our behalf, including processing new players, distributing prizes and awarding funding to good causes. They also have insurance in place to cover jackpot wins and suspension or failure of the lottery.
- (b) Lottery players sign up online through direct debit or payment card, with Gatherwell processing all ticket sales.
- (c) There are weekly lottery draws with tickets costing £1. The proceeds of each ticket sale are split as follows:

- £0.60 goes to local good causes\*
- £0.20 covers prizes
- £0.17 to the External Lottery Manager (Gatherwell)
- £0.03 VAT

(\*For comparative purposes, 28% of ticket sales from the National Lottery go to good causes, 27.5% from the Postcode Lottery and 20% from the Health Lottery.)

- (d) Individual lottery players have two choices as to how the 60% for good causes generated by the purchase of their ticket is distributed:
  - (i) the whole 60% can go to a good cause nominated by the council; or
  - (ii) 50% of the ticket price can be given to a specified good cause registered with the lottery and selected by the player, with the remaining 10% being allocated to the council's nominated cause.
- (e) Players select a line made up of six numbers running from 0 to 9. Prizes will be awarded according to the number of matched numbers, as follows:
  - 6 matched numbers - £25,000
  - 5 matched numbers - £2,000
  - 4 matched numbers - £250
  - 3 matched numbers - £25
  - 2 matched numbers - 3 free tickets

(The odds of winning the jackpot are approximately 1,000,000 to 1 and the odds of winning any prize are 50 to 1.)

- (f) The Council decides the criteria for good causes to be eligible to benefit from the lottery and determines applications from relevant voluntary and community organisations to register.
- 3.3 We worked with Gatherwell to design a Guildford Community Lottery website. Once approved, each good cause then has its own branded page on the website and is provided with its own bespoke marketing material for the lottery.
- 3.4 Voluntary and community organisations are then able to direct their own supporters and members to their individual lottery page and retain 50% of ticket sales purchased through this route. Promotion of the lottery internally within their own organisations is the primary driver of ticket sales.
- 3.5 As mentioned above, we are able to select a good cause to benefit from lottery ticket sales and the Executive nominated Guildford Philanthropy. If selected by players, Guildford Philanthropy receives 60% of each ticket sale. Otherwise, it receives 10% of each sale, with 50% going to the good cause chosen by the player.
- 3.6 As the lottery operator, we undertook a number of other required steps prior to the formal launch, including
- securing a lottery operating licence from the Gambling Commission;
  - appointing the Policy and Partnerships Manager and Director of Community Services as the licence holders;
  - becoming members of the Lotteries Council;
  - agreeing the eligibility criteria for organisations wishing to join the lottery;
  - adopting the following policies:
    - Children and Vulnerable Persons Protection Policy
    - Fair and Open Gambling Policy
    - Implementation of Procedures Policy
    - Protection from Source of Crime and Disorder Policy
    - Social Responsibility in Gambling Policy
- 3.7 We also led on the promotion of the lottery to encourage good causes to sign-up.

#### **4. Progress**

- 4.1 The first weekly draw for the Guildford Community Lottery took place on Saturday 1 December. Therefore, we are still in the early stages having been operating the lottery for only three months.

4.2 At the time of writing, 91 organisations have signed up to the Guildford Community Lottery, although not all have yet started to promote and market their own cause. The full list of registered good causes is attached as Appendix 1.

4.3 We currently have 839 players buying a total of 1,760 weekly tickets to support their chosen good causes. Based on those figures, an annualised total of £55,000 would be raised for good causes, including nearly £11,000 for Guildford Philanthropy. The actual sum paid to good causes from draws held to date is £10,734 (including £2,250 to Guildford Philanthropy). The top performing causes in terms of weekly ticket sales are:

Cherry Trees	157
Friends of Guildford County School	106
Kane FM	84
The Sunflower Trust	73
Guildford Philanthropy	66
Home Start Guildford	60
The Royal Surrey County Hospital	54
Weyfield Primary Academy School PTFA	50
Burpham Primary School PSA	50
The Fountain Centre	46
Friends of Worplesdon School	41
Cadence Drum and Bugle Corps	41
4 <sup>th</sup> Farnham (Tongham and Ash) Scouts	40

4.4 To put the current figures into context, Gatherwell has set targets for the lottery based on its experience elsewhere and the demographics of the local area. Our performance against those is summarised in the following table:

	<b>Predicted (52 weeks)</b>	<b>Actual (20 weeks)</b>	<b>Difference (%)</b>
Number of players	570	842	+ 47%
Tickets bought per player	1.5	2.09	+ 39%
Gross Revenue	£44,460	£91,912	+106%
Central Fund (10%)	£4,446	£9,131	+105%
Good Causes (50%)	£22,230	£45,656	+ 105%

4.5 This shows that we were significantly exceeding our 52 week targets after only 20 weeks of operation in terms of player numbers, weekly ticket sales and number of tickets purchased per player. Whilst this is a positive start, we are keen to continue to grow the lottery particularly by encouraging more local good causes to sign-up.

## **5. Financial Implications**

5.1 Budgetary provision was made in the current financial year to meet the following start-up costs for the new Guildford Community Lottery:

- Gatherwell Ltd set up fees           £3,000
- Licence fees and affiliations       £1,400
- Marketing expenses                   £3,000

5.2 The ongoing annual cost to the Council of running the lottery will be £1,050 for the Gambling Commission's annual licence fee and continued membership of the Lotteries Council.

## **6. Legal Implications**

6.1 The Gambling Act 2005 creates eight categories of permitted lottery, one of which is a local authority lottery. Local authority lotteries are promoted by the relevant council and the net proceeds can be used for any purpose for which the authority has power to incur expenditure.

6.2 The Guildford Community Lottery must be run under an operating licence issued by the Gambling Commission and must comply with the specific licence conditions and relevant codes of practice.

6.3 We are permitted to appoint Gatherwell to manage the lottery on our behalf in accordance with Section 257 of the Gambling Act. The external lottery manager also needs to obtain the necessary consent and operating licence from the Gambling Commission. However, we remain responsible for ensuring that the lottery operates lawfully. To this end, we have appointed the Policy and Partnerships Manager and Director of Community Services as responsible officers for the Gambling Commission's lottery licence.

## **7. Human Resource Implications**

7.1 Some officer time is required to administer the lottery (e.g. registering and determining eligible good causes and authorising payments, completing licence applications to the Gambling Commission and marketing the lottery). However, these duties are managed from within existing staff resources.

## **7. Key Risks**

7.1 Various risks associated with establishing a new lottery were highlighted to the Executive in May 2018, such as:

- (a) the voluntary and community sector choosing not to engage with the initiative; and
- (b) the lottery not performing as well as expected and not producing the anticipated levels of income.

7.2 However, these risks do not have appear to have been realised and the lottery is successfully generating new funding for local voluntary and community organisations.

7.3 Lotteries are the most common form of gambling activity and are considered to be low risk in terms of problem gambling due to their relatively controlled format. There is also no instant gratification or reward involved. The buying pattern of players is also monitored online and issues mitigated if required. The lottery also complies fully with the Gambling Commission's licensing code of practice.

## **8. Suggested issues for overview and scrutiny**

8.1 The Committee is invited to comment on the establishment and early performance of the Guildford Community Lottery.

## **9. Conclusion**

9.1 The Guildford Community Lottery is supporting a wide range of good causes across the borough. This supports the "Community" theme in our Corporate Plan by giving our voluntary sector partners access to a new funding stream to deliver services and facilities for our residents.

9.2 Performance in terms of ticket sales and player numbers has been strong during the first three months of operation, but we will continue to seek to grow the lottery in the coming months, including by encouraging new good causes to sign-up.

## **10. Background Papers**

Report to Executive on 22 May 2018: Proposed Guildford Community Lottery

## **11. Appendices**

Appendix 1: Good Causes Registered for the Guildford Community Lottery