

A COMMUNITY LOTTERY FOR SEVENOAKS DISTRICT COUNCIL

People & Places Advisory Committee - 30 November 2021

Report of: Deputy Chief Executive, Chief Officer People & Places

Status: For Decision

Also considered by:

- Cabinet - 9 December 2021

Key Decision: Yes

Executive Summary COVID-19 has had a major impact on the voluntary and community sector both nationally and locally. With the voluntary and community sector receiving COVID emergency and recovery funding available until end of March 2022, there is concern about funding beyond that. A community lottery scheme would help facilitate fundraising for the sector. This report sets out the proposal to establish and operate a Sevenoaks District Community Lottery.

This report supports the Key Aim of: the Council's Community Plan

Portfolio Holder: Cllr. Lesley Dyball

Contact Officer(s): Jenny Godfrey x7112 Kelly Webb x7474

Recommendation to People and Places Advisory Committee:

To receive and endorse the recommendations to Cabinet.

Recommendation to Cabinet:

- (a) The establishment of a local community lottery is approved.
- (b) Approve the use of an External Lottery Manager that has worked with other Local Authorities running similar schemes for greater assurance.
- (c) Approve the eligibility criteria for good causes to participate in the Sevenoaks District Lottery.
- (d) The appointment of an External Lottery Manager (ELM) is approved, with the Deputy Chief Executive, Chief Officer People and Places and Deputy Chief Executive, Chief Officer Finance and Trading, given delegated responsibility to negotiate and finalise the agreement.
- (e) Authorise the Council's membership of the Lotteries Council in order to demonstrate best practice and to provide access to free membership services on legal and compliance issues.

Introduction and Background

1. As part of last year's budget process, at the People and Places Advisory Committee held on 6 October 2020, Members resolved that Officers should explore the Council running a community lottery. The item was subsequently added to the published work plan, requesting officers bring a report forward. Officers have worked with the Portfolio Holder for People and Places to explore the opportunity for the Council to establish a community lottery. This report is the result of the work undertaken.
2. The concept of a Sevenoaks District Community Lottery has been identified as a proven business model delivered in many other local authorities raising funds for local 'good causes'.
3. Local authorities have been able to set up community lotteries since legislation was passed in 2007. There are currently 67 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.
4. The Council provides financial support to the Sevenoaks District voluntary and community sector through its Community Grants Scheme and other initiatives, supporting a number of aims of the Council's Community Plan.
5. 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 Community Grant Scheme. In addition, the community lottery model makes the Council the facilitator instead of the provider.

Society lotteries

6. 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'.
7. 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.
8. 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.

9. A large society lottery:
 - Has proceeds that exceed £20,000 for a single draw;
 - Has aggregate proceeds from lotteries in excess of £250,000 in any one year.
10. A small society lottery:
 - Does not have proceeds that exceed £20,000 for a single draw;
 - Does not have aggregate proceeds from lotteries in excess of £250,000 in any one year.
11. The proposed Community Lottery is considered as a large society lottery. 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, Blably District Council, Tunbridge Wells Borough Council, Tandridge Council and Hart District Council.
12. A local lottery such as the one proposed has a set of aims and unique selling point (USP) that resonates with supporters. This is because the scheme will focus on:
 - Delivering the proceeds locally - A district wide lottery that delivers benefits only to local causes, unlike any other provider - supporters can be assured that the proceeds will stay in the district.
 - Maximising benefits to the community - To bolster support and to help in continuing the good work the Council already does, there is a significant benefit being delivered to the voluntary and community sector. The proposal in this report has 50% of proceeds being given to good causes. Supporters will be offered the option of choosing a particular good cause.
 - Minimising costs - The appointment of an External Lottery Manager with a tried and tested digital platform enables the scheme to be largely self-financing.
 - Delivering winners locally - Whilst anyone can play, it is likely that supporters will be locally based and hence it is easier to maximise the value from winners' stories and thereby encourage more participation.
 - Facilitating a wider benefit - Whilst the lottery will help current funding of good causes, it will also enable local good causes to fundraise in partnership with the Council and hence enables the Council to help good causes to help themselves. It will also enable access to lottery-type funding which may not have been accessed due to barriers such as licensing, administration or ability to support such an endeavour.

Proposal

13. The proposed delivery method entails 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.
14. The ELM will:
 - Manage the prize fund and associated insurance;
 - Build the website and provide marketing materials;
 - Get local good causes to sign up to the lottery and get their own webpage;
 - Ask good causes to encourage their supporters to buy tickets online;
 - Enable people to buy tickets per week and choose the cause they want to support;
 - Conduct the draw every Saturday night and notify the winners;
 - Distribute the funds to the local good causes every month and provide regular detailed reports to the Council;
 - Comply with all licensing requirements including any reporting.
15. There is a one-off set up fee for the adoption of the platform, but thereafter the arrangement is financed at the point of ticket sale as the ELM takes a percentage of the ticket price. It is therefore not technically a procurement.
16. The Council will not handle any transactions other than receiving its share of the income on a monthly basis. The Council will have a contract agreement with the ELM.
17. The lottery proposal will look to operate as follows:
 - £1 ticket per week with a weekly draw;
 - Only playable online;
 - Funded only via Direct Debit (no cash), rolling monthly card payment, or block ticket purchase with single payment for 3, 6 or 12 months;
 - 6 number self-selected ticket;

- Delivered via an ELM.
18. Research shows that some council lotteries work on a minimum play of one ticket per week for a minimum 4 week subscription or one off 5 week payment. This is taken monthly from the supporter's account, and thus equates to a minimum monthly expenditure for the supporter.
 19. It is clear that the ticket price has a significant bearing on the success of the lottery. A high ticket price reduces the administration costs, which in turn leaves more money available for good causes.
 20. Aylesbury Vale District Council's proposal for a community lottery concluded that research indicates there is a significant drop-off in the take-up rates (up to a potential 69% less participation, equating to around 50% less revenue) if a ticket is priced at £2 instead of £1.
 21. A high ticket price also has the potential to reduce participation due to resistance to the (inaccurate) perception that council would be generating 'profit' from charitable enterprise.
 22. It is the research into the public perception of appropriate lottery ticket pricing that is the most significant factor to consider when selecting a preferred model for the lottery. A £2 entry would also place the model in direct competition with the National Lottery.
 23. Consultation with an ELM running over 80 lotteries for local authorities, schools, charities, unions and societies has found that the estimated percentage of eligible population participating is between 0.5% and 1.6% with the average number of tickets bought per supporter per week being 1.8. Table 1 below shows the income that could be generated dependent upon the number of supporters and what this number of supporters is as a percentage of the Sevenoaks District's 16 years and over population (96,300 based on 2019 NOMIS data). Although it should be noted that you do not have to live in the area to play the lottery - family members/friends etc. living in other parts of the country are able to play, which does increase the scope.

Ticket Price	% of SDC Supporter population	No. of Supporters	Tickets bought per week	No. of weeks	Gross Return	Good Causes (50%)	SDC Admin. (10%)	Prizes (20%)	External Lottery Manager Organisation (17%)	VAT (3%)
£1	0.5%	482	Av. 1.8	52	£45,115	£22,557	£4,512	£9,024	£7,669	£1,353
£1	1.0%	963	Av. 1.8	52	£90,137	£45,069	£9,014	£18,028	£15,323	£2,704
£1	1.6%	1,541	Av. 1.8	52	£144,238	£72,119	£14,424	£28,848	£24,520	£4,327

24. As can be seen in the Supporter Modelling table above, if the scheme achieves 0.5% (equating to 482 supporters) take up of the district's supporter population with each supporter purchasing the average 1.8 tickets (see point 23) per week it could be generating gross sales of £45,115 per annum. If it achieves 1%, it would generate £90,137 per annum and 1.6% would generate £144,238. It is difficult to predict the level of income generation, but it is known that for those councils consulted with, the average net return for good causes ranges from between £30,000 and £40,000 per annum (see Appendix B). In addition, Tunbridge Wells and Tandridge Councils achieved total gross incomes of £55,405 and £139,262 respectively in their first year. They are in their 5th and 4th year of operation respectively and a breakdown of their projected figures for their current year is set out in Table 2 below. With Tandridge having less eligible supporter population, the difference in income generation is attributable to the number of good causes participating and their success at publicising to and reaching their own supporters.

Local Authority Lotteries	Players	Weekly Tickets	Ave Tickets/ player	Causes	Population	POP Avg	Annual ticket Sales (Gross Return)
Tunbridge Wells July 2021 to July 2022 (5 th year)	606	1,156	1.91%	74	95,325	0.60%	£60,112
Tandridge Together March 2021 to March 2022 (4 th year)	1,101	2,281	2.07%	168	70,585	1.60%	£118,612

25. Distribution of proceeds from each ticket sold is proposed below:

	% allocation	£ allocation per ticket	Comment
Good causes	50	£0.50	This is far in excess of the minimum (20%) required by the legislation governing lotteries and other popular lotteries (National Lottery 25%; Postcode Lottery 32%; and Health Lottery 20.3%).
Prizes	20	£0.20	To fund prizes of £1,000 and below.
ELM	17	£0.17	To pay for the External Lottery Manager's running costs including the cost of the insurance policy they will hold for funding the top prize of £25,000.
SDC	10	£0.10	To cover the annual Gambling Commission licensing fee, Lotteries Council membership and marketing. The Gambling Commission permits the local authority to use net proceeds of such lotteries for any purpose for which they have the power to incur expenditure. Any remaining funds will be allocated to the Sevenoaks District LSP Community Wellbeing Fund (see paragraph 36).
VAT	3	£0.03	
Total	100	£1.00	

26. The prize structure offers supporters the opportunity to win prizes of up to £25,000. The odds of winning the 'grand prize' are the same as this is an insured prize and supporters select their numbers of choice.
27. The prize structure and odds for the draws are set out in the table below:

	Winning odds	£ prize
6 numbers	1,000,000:1	£25,000
5 numbers	55,556:1	£2,000
4 numbers	5,556:1	£250
3 numbers	556:1	£25
2 numbers	56:1	3 free tickets

28. There are no financial implications to the Council if ticket sales drop and no minimum number of tickets to sell. The ELM will manage the prize fund and any associated insurance so the Council will not be exposed to any risk. The contract with the ELM will be for an initial term of 12 months with the provision to give 3 months' notice to terminate after this initial term. If ticket sales were so low in the first 9-months that it was projected that gross sales would not enable the Council to cover its Year 2 onward costs, three months' notice could be given and the contract would end after one year. The Council would then not renew its licensing or need to pay for marketing.
29. Whilst the business model identifies the operating costs picked up by the ELM and taken from ticket sales there are still costs that fall to the Council. The table below sets out the approximate set-up and operating costs. The set-up costs will be partly funded by a £4,163 grant from Kent County Council's Covid Outbreak Management Fund (COMF) and from the Health and Communities 2021/22 budget. The ongoing costs will be funded from the 10% proceeds apportionment to the Council (see paragraph 25 above).

Requirement	Year 1 Cost (estimated)	Year 2 ongoing Cost (estimated)
Remote Society Operating Licence Annual Fee (based on proceeds from lottery being under £100k per annum & a first-year 25% discount on full cost of £348)	£261	£348 or £692*
Remote Society Operating Licence Application Fee (based on proceeds from Lottery being under £100k per annum)	£147	£147 or £220**
Lotteries Council Membership	£385 (only £199 paid at time of applying for Operating Licence)	£385
External Lottery Manager Organisation set up costs	£5,000 plus VAT	
Marketing and Promotional materials and activity		£3,000
Total	£5,793*** plus VAT	£3,880 or £4,297****

*The cost of the Remote Society Operating Licence annual fee is dependent on the annual proceeds from the lottery. Where proceeds are up to £100k per annum, the annual fee is £348. For proceeds between £100-500k, the annual fee increases to £692.

**Cost of application fees dependent on annual proceeds from lottery. £147 for up to £100,000. £220 for £100,000 to £500,000.

*** Year 1 costs will all be funded from a £4,163 grant from the Kent County Council Covid Outbreak Management Fund (COMF) and the Health and Communities team budget

****Funded by the Community Lottery proceeds apportionment - see paragraph 25 of this report.

30. All other administration costs, website costs, hosting etc. are borne by the ELM. This includes handling all financial transactions in a similar manner to

that which a conveyancing solicitor holds money for clients. The top prize is an insured sum and the prize fund pot is built over time to cover all other winnings. If the prize fund pot was to grow unnecessarily large the scheme can hold additional prize draws to ensure distribution in accordance with the licence. Prize funds cannot be used for any other purpose.

Good causes

31. The Council will be responsible for approving the applications of those good causes wishing to sign up to the community lottery. The aim will be to enable a wide range of organisations and groups to apply to sign up including charities, clubs, associations, societies, community interest companies, social enterprises and schools (for extracurricular activities that benefit the wider community).
32. The following groups will be eligible to register as a local good cause with the Council's Community Lottery provided they meet the terms and conditions set out in paragraphs 33 to 36 (inclusive) below:
 - Charities
 - Clubs
 - Associations
 - Societies
 - Community Interest Companies
 - Social Enterprises
 - Schools may apply for extracurricular activities that do not form part of the core offer provided by the school and that benefit the wider community.
 - Churches and faith groups may only apply for projects that are open to the wider community where the primary aim of the project is not to promote any religion or faith.
33. Eligible local good causes must:
 - Agree to work with the appointed ELM (responsible for managing the Council's Community Lottery) to ensure full compliance with the Community Lottery scheme.
 - Operate within Sevenoaks District, providing facilities, activities or services for the benefit of its residents.
 - Be able to demonstrate the service it is providing by giving details of its activities and the number of beneficiaries in the Sevenoaks district.
 - Have a committee of board of decision makers, a constitution and a bank account.
 - Actively promote equality and safeguarding within its structure and operations.
 - Have spent all previous funding received from Sevenoaks District Council in accordance with the funding award conditions attached to them.

34. The following will not be eligible to join the Council's Community Lottery as a local good cause:
- Any organisation that the Council deems to be a political party, has the nature of a political party, or is engaged in campaigning for a political purpose or cause.
 - Groups that do not benefit Sevenoaks District residents.
 - Individuals.
 - Organisations which aim to distribute a profit.
 - Organisations with no established management committee/board of trustees.
35. When registering to become a local good cause, the groups need to agree to:
- Nominate a lead individual in their organisation responsible for working with the ELM and where necessary the Council to actively and appropriately promote the Council's Community Lottery using the marketing materials provided.
 - Wherever possible, acknowledge the funding from the Council through the Council's Community Lottery in its marketing materials.
 - Inform the Council immediately if the group intends to disband, changes its aims, legal status or any other policy that may affect its eligibility for the scheme.
36. In addition to these good causes, supporters will be given the option to choose the Sevenoaks District Local Strategic Partnership (LSP) Community Wellbeing Fund as a good cause when purchasing lottery tickets. Other local authorities manage their community lotteries in this way to enable a supporter without allegiance to a particular good cause to support voluntary and community sector led projects being delivered in the district. The Sevenoaks District LSP Community Wellbeing Fund will be included as a good cause option on the following basis:
- It is an existing funding scheme managed by the Sevenoaks District LSP, which whilst coordinated by the Council is made up of public sector organisations together with voluntary, community and faith sector representatives. The appraisal panel for the funding applications includes the Council's Deputy Chief Executive and Chief Officer People & Places; the Chair of the Sevenoaks District Voluntary Sector; the CEO of West Kent Mind and CEO of COMPAID.
 - The Sevenoaks District LSP supports the Community Plan which creates a long-term partnership vision for the Sevenoaks District and sets out community priorities for action.

- The Sevenoaks District LSP Community Wellbeing Fund supports capital and revenue projects that contribute to these community priorities. As such, income from the Council's Community Lottery allocated to the Sevenoaks District LSP Community Wellbeing Fund will be spent where the need is assessed as greatest.
- The Sevenoaks District LSP Community Wellbeing Fund is open to applications twice yearly from all voluntary groups, community groups, statutory bodies and other not-for-profit organisations providing services within the Sevenoaks District that benefit residents in the district.
- Appendix C sets out the criteria used by the Sevenoaks District LSP when awarding Community Wellbeing Fund grants.

Gambling

37. Lotteries are the most common type of gambling activity across the world and considered to be a 'low risk' form with respect to the emergence of problem gambling. This is due to its relatively controlled form. The proposed Lottery scheme will help mitigate against many of the issues related to addictive gambling by:
- Being only playable via direct debit (no cash) and by pre-arranged sign up;
 - There is no 'instant' gratification or 'instant reward' to taking part;
 - There will be no 'high profile' activity surrounding the draw;
 - The Lottery website will contain a section providing links to gambling support organisations.
38. Due to these factors, it is not anticipated that a Council-run Lottery would significantly increase problem gambling, and the benefits to good causes in the district from the proceeds of the lottery would outweigh possible negative issues.

Next steps

39. If this scheme is approved, the Council will need to appoint an ELM. Although most other local authorities have used and recommended the organisation Gatherwell, the Council will approach other ELM organisations to get a comparison.
40. The Council would need to undertake the licence application process. The ELM will provide assistance with template policies to accompany the licence as well as the production of a Communications and Marketing Strategy and with the launch to good causes and subsequent ticket sales.
41. The Gambling Commission currently has a turnaround target of 16 weeks for new applications, but during this time the ELM is able to develop the

platform bespoke to the Council (a name would need to be chosen and website name secured) and complete project implementation based on ticket sales planned from estimated date for award of the licence.

42. If Cabinet approval is sought in late 2021, it is estimated a launch could be achieved for Spring/Summer 2022. An indicative, but not final timescale is attached as Appendix A.

Consultation with other local authorities

43. 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 full results from this consultation are included at Appendix B but in summary the key matters arising were:

- All four local authorities consulted use Gatherwell as their ELM. However, Gatherwell do have competitors and the Council will therefore approach other ELM organisations to get a comparison. Existing Council officers will complete this. The Gambling Commission requires that ELMs are licensed and registered with them so the Council will ensure this is a requirement in the tender documentation.
- It was reported that to set up and launch their community lottery required more officer time than for running it. Based on the consultation, the Council has timetabled for officer time of 1 day per week for a six-month period to allow for the set up (including to appoint the ELM) and launch and 1 day per month thereafter to promote the lottery and pass any queries received to the ELM. This scheme will be managed and monitored by the Health and Communities Manager and team using existing staff.
- Local authorities establishing and running a community lottery conclude that this is ethically no different to the local authority applying for funding generated through lotteries for projects (i.e. the National Lottery). Lotteries are the most common form of gambling activity and are considered to be low risk in respect of problem gambling due to their relatively controlled format. However, it remains essential that measures are taken to ensure that a community lottery is implemented and run appropriately. The Council will share information about gambling responsibly and the Safeguarding Group will monitor this issue. The Council will also appoint a fully experienced ELM that is trained to be able to manage any issues relating to problem gambling and mitigate against many of the issues related to addictive gambling by making the lottery:
 - playable only on-line via registered sign up and by non-cash methods;
 - have no instant gratification or instant reward involved;

- be fully compliant with the Gambling Commissions licensing code of practice;
- restrict the tickets to a maximum of 20 per supporter.
- Similarly to the other local authorities consulted, the Council will become a member of The Lotteries Council initially paying £199 to become a provisional member whilst in the process of applying for a lottery licence from the Gambling Commission. Once licensed the Council will pay an additional £186 for full membership. Thereafter the annual membership fee is £385. The benefits of this membership include: access to updates on current market sector activities; free consultation with solicitor specialising in gambling and licensing advice; VAT and Taxation Specialist; Data Protection Adviser; free IBAS (betting adjudication service) dispute resolution service; use of various logos on marketing materials. In addition, the Lotteries Council make a group payment to GambleAware an independent grant-making charity using best practice in commissioning assessment, planning, evaluation and outcome reporting to support effective, evidence-informed, quality assured prevention of gambling harms.
- One key lesson learnt that was identified by several of the five local authorities was the need to take time to engage with local good causes to secure enthusiastic leads that know how the lottery works such that they can continuously promote it. One local authority decided to close the community lottery they had implemented with ELM Hive Lotto after 2 years due to poor marketing and low sales. The Council will therefore use the Sevenoaks District Voluntary Sector Forum to start this engagement and work with the appointed ELM and the Council's Communications Team to develop and implement a sustainable marketing strategy.

Other options considered

44. In considering the report, Cabinet can choose to:

- i) Do nothing
- ii) Deliver in house
- iii) Deliver through external partner

i) Do nothing Under this option, the status quo remains, with no lottery in place.	
Strengths	Weaknesses
The Council continues to reap the benefits of the status quo. These include good PR for helping	The Council may be faced with the future financial challenge to keep offering discretionary funding at

<p>i) Do nothing Under this option, the status quo remains, with no lottery in place.</p>	
<p>community groups, attracting more money into the organisations and thus the district.</p>	<p>the current level, unless they choose to prioritise it at the expense of other, potentially key services. There is no planned alternative to assist with the funding of these types of activities in the medium - long term.</p>
<p>ii) Deliver in-house This option would require the establishment of the necessary posts and systems to run a lottery in house. This has not been fully costed, but it is considered somewhere in the region of a £100-120k for set-up costs alone. This would include a lottery manager and the necessary development of software systems to enable the lottery to run. The Council also need to secure the relevant insurance to cover lottery prizes.</p>	
<p>Strengths</p>	<p>Weaknesses</p>
<p>The Council could keep supporting community causes thus continuing towards delivering corporate objectives.</p> <p>There could be a comfortable fit with the commercial approach of going into new territory and looking for alternative ways of working.</p>	<p>The Council does not have the internal expertise to set up the software for an online lottery. This would have to be brought in at commercial rates. The Council would need to develop a completely new area of operation for the lottery. This would involve at the very least a lottery manager and support assistants as well as having to source software to run the lottery itself and associated operating costs.</p> <p>No experience at all in this field and so no knowledge of how to deal with potential difficulties.</p> <p>There could be a negative perception from the public and charities that the Council is potentially trying to take business from good causes.</p> <p>There could be a negative perception from the public that</p>

<p>i) Do nothing Under this option, the status quo remains, with no lottery in place.</p>	
	they already pay their council tax.
<p>iii) Deliver through external provider This option would see 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.</p>	
Strengths	Weaknesses
<p>The Council would be commissioning experts in the field to run the lottery which would be much lower risk - less chance of malfunctioning, legal errors etc.</p> <p>An ELM takes care of complexities around lottery licences etc.</p> <p>The Council could keep supporting community causes thus continuing towards delivering corporate objectives.</p> <p>Positive PR for the Council brand.</p> <p>This may be a more comfortable fit with the commercial approach than option ii) above, as it would be less costly and very low risk and could also be a strong example of partnership working.</p>	<p>The ELM will take a percentage of the ticket price.</p> <p>There could be a negative perception from the public and charities that the Council is potentially trying to take business from good causes - although in part this is mitigated by using an ELM.</p> <p>There could be a negative perception from the public that they already pay their council tax and the Council is trying to take more of their money.</p>

45. Taking into account the above analysis, 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.

Key Implications

Financial

The Council has been successful in a funding bid to the Kent County Council COVID Outbreak Management Fund (COMF) for £4,163 towards the initial set-up costs and the remaining £1,630 plus VAT and ongoing running costs will be paid via the

Health and Communities budget. The Kent County Council COVID Outbreak Management Fund (COMF) grant would need to be spent by 31 March 2022.

Legal Implications and Risk Assessment Statement

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 Deputy Chief Executive, Chief Officer People and Places in consultation with the Council’s Head of Legal and Democratic Services.

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.

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 Group.

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.

Risk and Benefits analysis

	Risk	Benefits
Financial	<ul style="list-style-type: none"> • 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, it is estimated that ongoing costs would not exceed £5,000 per annum. • 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. • However, this risk would only be low if the lottery is run in partnership with an ELM; if it 	<ul style="list-style-type: none"> • Staff costs would be reduced if the Council chooses to operate a lottery with an external lottery manager - ELM. This option would mean the Council would facilitate self-help for community groups wishing to fundraise. A percentage of the ticket price goes directly to good causes, similar to other lotteries that operate.

	Risk	Benefits
	was to be run in house, the risks in terms of investment could be extremely high.	
Reputational	<ul style="list-style-type: none"> • There is the possibility of damage to the council's reputation, in the unlikely case that the lottery becomes connected to corruption or avoidable failure (i.e through poor marketing). • The Council's reputation could also be damaged in the event that it launches the lottery and has to close it due to lack of interest. (However, the Council could still argue it tried to do something in difficult circumstances). • There could also be a negative reaction from residents who may perceive the lottery to be a stealth tax, as they already pay their council tax. 	<ul style="list-style-type: none"> • The Council has a reputation as a dynamic council which leads the way. If the Council chooses to operate a lottery with an experienced ELM they will jointly promote it as a facilitation of community fundraising in a difficult economic climate, particularly in light of Covid-19. • The key message communicated about a lottery would be that is empowering and enabling communities to help themselves.
Political	<ul style="list-style-type: none"> • Discretionary giving is something that has come to be part of what councils do and has come to be depended on by different pockets of the wider community. It not only creates a degree of prestige for the organisation but also individual members who support those causes and sit on decision panels. Some of this impact could be lost. 	<ul style="list-style-type: none"> • The proposed eligibility criteria for good causes means that a lottery would deliver the benefits for the local community. • Giving to good causes brings prestige to members serving their communities. A lottery could enable similar prestige.
Commercial	<ul style="list-style-type: none"> • Some critics may perceive this idea to encourage gambling, which, in extreme cases, could lead to addiction and is not something a council should be doing. 	<ul style="list-style-type: none"> • There are already a number of charity and local authority run lotteries and this does not appear to be a problem. If the Council chooses to use an experienced ELM, they do

	Risk	Benefits
	<ul style="list-style-type: none"> • With 185,000 charities in the UK, it could be a risk to set up another avenue of charitable giving. The Council could also be criticised for taking business from other charity lotteries. However, the proposed option gives local good causes a potentially more effective facility with which to fundraise, rather than labour-intensive raffles etc. and would be giving opportunities to smaller groups. 	<ul style="list-style-type: none"> • not promote gambling in a hard-hitting way; the emphasis is on helping the community. • For participants there is a much higher probability of winning the jackpot, compared to the national lottery. • With the growth in technology, operating an online lottery would provide multiple opportunities to access potential supporters and for them to easily participate (using a range of digital devices). • A Community Lottery would give more to good causes than, say the national lottery. • Camelot, the best known lottery provider, is seen as a successful commercial company. The lottery has the potential to have positive commercial associations.

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this report directly impact on end users. The impact has been analysed and does not vary between groups of people. The scheme has the potential to positively impact people with protected characteristics¹, as they are likely to benefit from services or activities provided by the good causes. However, until community groups sign up to the scheme, we won't know which people with protected characteristics will most likely benefit.

¹ As defined in the Equality Act 2010, relates to a persons: Age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity

People without a bank account or payment cards may feel excluded as they will be unable to take part. However, officers consider this a proportionate approach to achieving a legitimate aim, which in this case is to reduce the risk of gambling addiction. We expect a cautious response from religious groups who may not agree with gambling as a method of raising income. However, marketing the scheme with the promotion of good causes as its focus should help to remove concerns. The results of this analysis are set out immediately below.

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	The Contract to be agreed with the ELM will include obligations on the ELM to comply fully with the Council's commitment to ensuring that the service is non-discriminatory and that residents can access the service taking account of any vulnerability.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	The Sevenoaks District Community Lottery will raise funds for local causes that support and promote equality of opportunity to some of the most vulnerable residents.
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		No negative impacts identified

Procurement

The consideration is that we are effectively buying into an existing and working model (via a contract with an ELM), rather than establishing our own team that runs the lottery in-house.

Resources (staffing)

This is a new area of work, but it is envisaged that it can be incorporated within existing staff resources within Health and Communities.

Conclusions

As part of last year's budget process, at the People and Places Advisory Committee held on 6 October 2020, Members resolved that Officers should explore the Council running a community lottery. The item was subsequently added to the published work plan, requesting officers bring a report forward. Officers have worked with the Portfolio Holder for People and Places to explore the opportunity for the Council to establish a community lottery. This report is the result of the work undertaken.

A society lottery of the type proposed in this report has now been successfully implemented by many other local authorities. We are aware of 80 local lotteries being run successfully by Gatherwell. These include South Oxfordshire, Aylesbury Vale, Oxford City and West Berkshire. However, we have also spoken with a local authority, which closed the community lottery it had implemented by another ELM after 2 years due to poor marketing and low sales.

The delivery of a society lottery in Sevenoaks District could enable local community groups to access and benefit from a nationally recognised funding model originally developed by Aylesbury Vale District Council in partnership with an external lottery manager. It would also provide a way in which the council can provide further support to the local voluntary and community sector without putting additional pressure on its finances.

However, the key risk to the success of this scheme is that people don't buy tickets to support their chosen good causes. It is imperative that a certain level of marketing is undertaken and the ELM have built in marketing support tools in the operating platform for local good cause administrators to be able to maintain promotions.

The report recommends a certain level of marketing by the District Council as the Promoter as well as building reputation for helping good causes and creating local winners through good news story coverage and press releases. The Gambling Commission are the regulators of the scheme which ensures that the Council's reputation is protected.

The proposal to introduce an online lottery that funds good causes throughout the district and helps external organisations to raise additional funds could therefore, be seen as a positive move forward, which can also encourage community funding. However, members are asked to consider all risks and benefits analysed as part of this report.

Appendices

Appendix A - Implementation Plan

Appendix B - Results of Consultation with other Local Authorities

Appendix C - Criteria used by the Sevenoaks District LSP when awarding Community Wellbeing Fund grants

Background Papers

N/A

Sarah Robson

Deputy Chief Executive & Chief Officer People & Places