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EXECUTIVE

23 JANUARY 2018

SUPPLEMENTARY PAPERS

TO: ALL MEMBERS OF THE EXECUTIVE

The following papers have been added to the agenda for the above meeting.

These were not available for publication with the rest of the agenda.

Alison Sanders
Director of Resources

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To consider the principle and practicalities of introduction of a local lottery for Bracknell Forest, which would be aimed at providing funding to support local voluntary organisations.	

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**TO: EXECUTIVE
23 JANUARY 2018**

A LOTTERY FOR BRACKNELL FOREST Borough Treasurer

1 PURPOSE OF REPORT

- 1.1 To consider the principle and practicalities of introduction of a local lottery for Bracknell Forest, which would be aimed at providing funding to support local voluntary organisations.

2 RECOMMENDATIONS

That the Executive:

- 2.1 Agrees to support the creation of a local lottery for Bracknell Forest, with the core purpose of raising funds for local charities, voluntary organisations and good causes in the Borough, independently of the Council's support for the third sector;
- 2.2 Approves that the initial set up costs of just under £4k are funded from the current year's remaining Corporate Contingency and that the on-going £698 annual license fees are assigned from on-going lottery income streams;
- 2.3 Agrees to establish a Working Group, chaired by the Chairman of Overview and Scrutiny and involving the Executive Member for Transformation and finance and three other Members nominated by the Leader, to engage with Gatherwell, the external lottery management company behind many local authority supported lotteries, including Aylesbury Vale and Portsmouth and with local voluntary sector organisations on arrangements for their involvement in the lottery;
- 2.4 Agrees to host a launch event at a cost of up to £2,000 (funded from the current year's contingency) to promote the lottery and help secure additional first draw prizes and to market the lottery using existing Council communication channels including Forest Views to ensure on-going awareness and promotion to drive ticket sales and to promote the lottery amongst good causes;
- 2.5 Agrees that two council officers (the Borough Treasurer and Head of Performance and Partnerships) are nominated to be the license holders for the lottery should this be required;
- 2.7 Agrees to receive a further report prior to the lottery going live that will propose a policy and process for agreeing which types of voluntary groups can put themselves forward for lottery support and for the allocation of the good causes central pot, following consultation with voluntary groups, based on findings of the Working Group.

3 REASONS FOR RECOMMENDATION

- 3.1 The Council acknowledges the positive impact that voluntary sector organisations can make in improving the lives of local people, but for financial reasons has had to

gradually withdraw its financial support to such groups in recent years. Establishing and promoting a local lottery that can secure funding for such organisations will allow the Council to continue to support them in a sustainable way.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Executive could decide not to support a local lottery.
- 4.2 An alternative delivery mechanism could be used for a local lottery. The council itself does not possess the necessary expertise nor software systems needed to operate a lottery. Some councils have gone through a detailed and costly competitive process to seek an external lottery manager. Given that the small scale of the council's financial commitment to a lottery does not require a formal tender and the strong market dominance of Gatherwell in running local authority supported lotteries, it is felt that working with this organisation is the most efficient and cost effective approach.

5 SUPPORTING INFORMATION

- 5.1 Aylesbury Vale District Council was the first local authority to establish a local on-line lottery (Vale Lottery) in November 2015, promoted as "a fun and easy way to support good causes in Aylesbury Vale". Recent figures indicate that the vale Lottery is selling close to 2,500 tickets a week and generating over £76,000 for good causes in the district. A simple comparison of the populations of Aylesbury Vale and Bracknell Forest gives an indication that income in this Borough of around £50,000 per year may be achievable once a local lottery is well established.
- 5.2 Since the Vale Lottery went live, at least a further 30 local authorities have launched or agreed to launch local lotteries, using broadly the same model as was pioneered by Aylesbury Vale and the external lottery management (ELM) company Gatherwell which helped create and continues to operate the Vale Lottery.
- 5.3 It has not been possible to find an example of a local lottery that is actually operated by the local authority itself. It was estimated by Aylesbury Vale that the cost of doing so would be in the order of £80k - £100k. For this reason and a general lack of expertise in this specialist area, authorities have entered in to an arrangement with an external lottery manager. Almost all have either initially chosen to partner with an ELM (Gatherwell) or have done so following a competitive process.
- 5.4 Gatherwell, through its work with Aylesbury Vale and tens of other local authorities since, has developed a model for local lotteries that is simple to adopt and proven to work in practice. This includes an insurance arrangement that ensures all lottery wins can be paid for, regardless of the revenues secured at that point, which would otherwise be a risk to the council.
- 5.5 The normal split of income from lottery sales for local lotteries using this model is as follows:
- 60% goes to good causes
 - 50% to a chosen individual cause
 - 10% to a central fund, for which the rules are determined by the local authority
 - 20% goes back as prizes
 - 20% covers running costs incurred by the external lottery manager (including VAT)

- 5.6 The model offers a further incentive for good causes by enabling organisations to signpost their supporters to a bespoke web page linked to the lottery, thereby promoting their cause to benefit from the 50% of all ticket sales made through this route. For the charity or community organisation there are no fees and no administration; all they need to do is promote the lottery to their supporters and the community.
- 5.7 Working with Gatherwell as ELM, the initial set up costs for the council would be £3,000, to cover the following:
- Website design, hosting, maintenance and development
 - Payment gateways
 - Dedicated support telephone number, e-mail and social media accounts
 - Marketing strategy support and generic design creation
 - Gambling License application support
 - Training for license holders
- 5.8 In addition, a necessary Gambling Commission license costs £348 per year based on revenues up to £100k, with a one-off application fee of £163. Lotteries Council membership costs £350 per year, plus an application fee of £25. Total set-up costs would therefore be £3,886, with annual costs of £698.
- 5.9 The license required would be held by the council and managed by two named individual officers, suggested as the Borough Treasurer and Head of Performance and Partnerships. Together, these officers can cover the financial and administrative elements of the license and the important links to voluntary sector organisations. The time taken by the Gambling Commission to process and approve a new license application is typically around 16 weeks.
- 5.10 The above figures make no provision for launch activities or marketing. There can be expected to be a direct correlation between marketing and promotion efforts and the number of participants (ticket purchasers and good causes). It is proposed that a sum of up to £2,000 is made available to support a launch event, which would provide the opportunity to engage with interested voluntary sector organisations and attract additional “bolt on” prizes from local businesses to help make the launch more attractive to residents.
- 5.11 On-going marketing activities may typically cost around £3,000 per year, although this is a matter for local discretion. In the first instance, it is proposed to use the council’s existing communication channels to promote the lottery, most notably Town and Country. This approach will be reviewed depending on the success of the lottery over the first year.
- 5.12 If the council agrees to work with Gatherwell it is anticipated that a Bracknell Forest lottery will be live within 4 months.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The local authority can operate this scheme under its general powers of competence as provided by the Localism Act 2011. The operation of the lottery is regulated by the Gambling Act 2005. All local authority lotteries must run under an operating licence issued by the Gambling Commission and abide by the specific licence conditions and relevant codes of practice. A local authority can appoint an external

lottery manager. This is defined in section 257 of the Act as someone that is a person or a body who makes arrangements for a lottery on behalf of the local authority but is not a member, officer or employee of the authority. All ELMs are required to hold a lottery managers operating licence issued by the Commission before they can manage a local authority lottery with a local authority. It is the responsibility of the Council to ensure that the ELM holds the operating licence issued by the Commission.

Borough Treasurer

- 6.2 The financial implications are set out in the main body of the report.

Equalities Impact Assessment

- 6.3 There are no direct implications from this paper.

Strategic Risk Management Issues

- 6.4 Should the lottery be created and subsequently prove to be unsuccessful, there would be reputational and limited financial risks for the council. These would be mitigated by working with an experienced lottery management company.
- 6.5 A lottery provides the opportunity for the council to continue to support local voluntary organisations despite its difficult financial position.

7 CONSULTATION

- 7.1 It is intended that local voluntary sector organisation will be consulted on the arrangements for involving them in the lottery.

Background Papers

None

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