

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 07 September 2020

Portfolio:	Leisure and Community
Subject:	Fareham Lottery
Report of:	Director of Leisure and Community
Corporate Priorities:	Strong, safe, inclusive and healthy communities

Purpose:

This report presents the options for introducing a Community Lottery across the Borough of Fareham.

Executive summary:

At the meeting of the Executive on 3 August 2020, it was agreed as an action within the COVID-19 - Community Recovery Plan that a report would be presented to the Executive recommending the establishment of a Community Lottery in Fareham.

A Community Lottery is a weekly draw within a community that raises money for local good causes.

Many local authorities have established a Community Lottery for their area. Some are run 'in house' with responsibility for the approval of good causes, promotion of the Community Lottery and overseeing of payments carried out by designated Officers.

Others have nominated their Community and Voluntary Sector (CVS) organisation to undertake this function. In these cases, a proportion of the income raised from the Community Lottery is allocated to the CVS to cover staffing costs.

Both options have a financial cost at a time when expenditure is being carefully considered. However, a Community Lottery would raise much needed funds for the charities and community groups that support our communities, when many are meeting their greatest financial challenges as a result of COVID-19 implications.

Recommendation/Recommended Option:

It is recommended that the Executive:

- (a) considers option 2 - to establish a Community Lottery for Fareham and;
- (b) nominates One Community to continue to promote and support it.

Reason:

1. The Community Lottery offers the opportunity for the community and voluntary sector to easily raise additional funds, which is likely to be a lifeline at this time of financial uncertainty.
2. Option 2 offers the most sustainable solution to establishing a Community Lottery in Fareham.

Cost of proposals:

The cost of Option 2 is a one-off capital cost of £9,040 which can be met from existing budgets.

Background papers: COVID-19 Community Recovery Plan (3 August 2020 Executive)

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Executive Briefing Paper

Date:	07 September 2020
Subject:	Fareham Lottery
Briefing by:	Director of Leisure and Community
Portfolio:	Leisure and Community

INTRODUCTION

1. Over the last five years, many local authorities across the country have established localised Community Lotteries. These are set up to support community projects in the local area, operating on the principle of raising money within the community for the community.
2. Several local authorities within Hampshire have initiated their own Community Lottery, including Gosport, Havant and Rushmoor Borough Councils.

HOW COMMUNITY LOTTERIES WORK

3. Community Lotteries are a simple and effective way to raise funds. Local good causes such as charities and community groups can receive up to 50 percent of a £1 ticket value by encouraging those purchasing local Community Lottery tickets, either online or through the Community Lottery call centre, to select their organisation as the primary recipient.
4. In 2015, Gatherwell, an external organisation based in Oxford, became the first online lottery provider for local authorities and in 2019 were awarded the 'Lottery Operator of the Year' award by The Lotteries Council.
5. Gatherwell has worked in collaboration with many local authorities to create, launch and manage their Community Lottery. Gatherwell can set up the lottery process, provide a website for the lottery with pre-formatted pages, a dedicated telephone call centre and ongoing advice to the local authority on how to sustain ticket sales. In return for these services, Gatherwell receives 17% of all ticket sales to cover their administrative costs.
6. A weekly prize draw is operated by Gatherwell, with each ticket costing £1. A total of 60% of the ticket value goes to local good causes (50% to the local good cause selected by the player at the time of purchase, and 10% secured by the Local Authority to resource their Community Fund). The remainder of the ticket price comprises an allocation of 20% for prize money and 20% for administration and VAT costs.
7. Each ticket purchased has a 1 in 50 chance of winning a prize. The amount of prize money offered for differing quantities of matching numbers is set at a constant figure of £25,000 for 6 matching numbers, £2,000 for 5 matching numbers, £250 for 4 matching numbers and £25 for 3 matching numbers. There is a prize of 3 x extra tickets for

matching two numbers. If the income generated from the weekly lottery is insufficient to cover the prize money, any shortfall is covered by prize money insurance that is included in the set-up cost.

It is both the Local Authority and the good causes' responsibility to continue to promote the lottery to potential players. Neither, however, has direct involvement in the transfer of monies, as all ticket purchases and payments are made either online or through Gatherwell's call centre.

HOW DO TICKET NUMBERS AND PRIZES WORK?

- Each ticket is made up of 6 numbers/digits. Each digit must be in the range 0-9 and the same digit can appear more than once. To win a prize you must match at least 2 numbers in a row starting from either left or right, for example if the winning ticket number was 092582, all tickets starting 09XXXX will win a prize and all tickets ending XXXX82 will win a prize. If you match all 6 numbers in the correct order you will win £25,000. If you match two numbers, rather than winning a payment, you win 3 extra tickets.

Number of matches	Prize	Matching patterns	Odds
6	£25,000	✓✓✓✓✓✓	1,000,000:1
5	£2,000	✓✓✓✓✓x x✓✓✓✓✓	55,556:1
4	£250	✓✓✓✓xx xx✓✓✓✓	5,556:1
3	£25	✓✓✓xxx xxx✓✓✓	556:1
2	3 extra tickets	✓✓xxxx xxxx✓✓	56:1

i ✓ is a match x is not.
 So ✓✓✓✓✓✓ is 6 matches and xxxxxx is no matches

- There are occasional national promotional draws alongside the weekly draw, for example a national prize draw to win one of five entertainment bundles. There is also the option to purchase a Community Lottery gift voucher, with options of £5, £10, £20, £30 and £50.
- The draw takes place every Saturday night, with results posted on the Community Lottery website as well as on Facebook and Twitter.

GOOD CAUSE REGISTRATION

- Charities, community groups, associations and other 'not-for-profit' organisations operating within the Borough can register free of charge to become a 'Good Cause'. Schools may apply for extra-curricular 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 and where the primary aim of the project is not to promote any particular religion or faith.

12. As well as receiving their own Community Lottery page, Good Causes are given access to their own dashboard to monitor ticket sales. They are also provided with templates to easily create branded posters and marketing materials featuring their own logo to promote themselves as a Good Cause with the Borough Community Lottery and encourage people to become supporters.
13. Groups that are not eligible to become a Good Cause include Political Parties, groups who are engaged in campaigning for a political purpose or cause, organisations that do not benefit residents within the Borough, individuals, organisations that aim to distribute a profit and organisations with no established management committee/board of trustees.
14. When registering as a Good Cause, groups agree to actively promote the Community Lottery, aim for at least 20 ticket sales in the first four weeks, maintain a minimum of 20 supporters at any one time and provide a copy of their constitution on request.
15. Although normally the Local Authority is not able to stop or start any licence within a minimum of 7 days' notice, if fraudulent or illegal activity is suspected, the licence to run the entire Community Lottery would be withdrawn immediately.

REQUIREMENTS OF THE LOCAL AUTHORITY

16. Local Authorities are required to provide an initial fee of £5,000 to Gatherwell to cover the cost of establishing the lottery. This fee also acts as prize money insurance, in case ticket sales are not adequate to cover the winnings required.
17. In addition to this cost, a minimum of two senior Council Officers must be licensed with the Gambling Commission at a cost of £740. These licences must be renewed on a five-yearly basis. The licensed Council Officers would be expected to oversee the approval of organisations that wish to be listed as a 'good cause', in addition to authorising both the Gambling Commission lottery return and the monthly payment of the good causes.

LOCAL AUTHORITIES' EXPERIENCES

18. Both Gosport and Havant Borough Councils have established community lotteries recently, using very different approaches. Gosport Borough Council's scheme launched in June 2018. The Council paid the fees to Gatherwell and then handed the project in its entirety to Gosport Voluntary Action, their designated Community and Voluntary Sector organisation. This approach had the benefit of utilising existing community links to identify good causes and promote the lottery. The Gosport scheme currently has 55 good causes listed.
19. Gosport Voluntary Action identified that the ongoing support of the Community Lottery was excessively demanding of staff time, and as a result employed a Community Lottery Lead for 5 hours per week and PR support for a further 2 hours per week, in addition to utilising support from volunteers.
20. In its first year, the Gosport Community Lottery generated £38,000 in total for Gosport Borough Council, with £6,000 of this being allocated to their Community Fund and approximately £5,000 to cover staff costs. Please note that Gosport Voluntary Action chose to vary their allocations to 40% to good causes and 20% to the Community Fund and to cover their staffing costs.

21. Havant Borough Council launched their Community Lottery in March 2018 and opted to identify and support the local good causes themselves. Havant currently has 81 good causes listed. In their first year, Havant raised £37,000 for good causes in addition to £15,000 for their Community Fund.
22. Havant's Community Lottery is run by their Community Development Team, with one Lead Officer who carries out the role in addition to other duties, with support provided by the other members of the team.
23. Havant employees identified that, following the initial launch, there was a need to continue to encourage the good causes to promote the lottery, as one tenth of those registered had failed to be selected by a customer as a primary recipient during the ticket purchase. There was also increasing demand for the Council to work with local businesses to secure 'bolt-on' prizes which would make the Community Lottery more attractive for those considering buying tickets.

RESOURCE IMPLICATIONS

24. Taking account of the information provided from Havant Borough Council and Gosport Voluntary Action, the resource requirement for Fareham Borough Council to run a successful Community Lottery internally has been calculated as £3,959 (198 hours for a Grade 4 officer) for the initial establishment and launch of the lottery, and a further 10 hours per week, or £9,900 per annum for a Grade 4 officer to continue its promotion. These costs are in addition to the £5,000 set-up fee required from Gatherwell.
25. These costs would only apply to the first year. Future years may be able to be funded from ticket sales, although the amount of income from this source is not guaranteed. A growth item would therefore need to be agreed in case insufficient funds were raised from ticket sales to cover the salary required.
26. As officers holding the gambling licences (or Personal Management Licences) within the Local Authority are required to be of a senior level, adoption of a Community Lottery scheme would necessitate increased responsibility for certain senior employees.
27. An alternative option exists in following the approach adopted by Gosport Borough Council and handing the set-up and operation of the lottery to our Community and Voluntary Sector service, One Community. This has the advantage of eliminating the requirement for Council employees to hold costly Personal Management Licences, as charitable organisations only require a Lottery Raffle Licence at a fee of £40 per year.
28. Due to the identified employee implications of this project, and the fact that this work is not included in their current Service Level Agreement with the Council, it would be anticipated that this project would not be undertaken by One Community without funding to secure additional resource during the set-up period.

OPTIONS

29. Below are three options for consideration, together with associated costs, for establishing a Community Lottery in Fareham:

Option 1

Establish a Community Lottery for Fareham and run it internally. This would cost a total of £9,699 in one-off set up fees, including employee costs, the payment to Gatherwell and associated licence fees. In addition, ongoing staffing costs of £9,900 per annum, plus £740 every 5 years for the Gambling Licences would need to be met. These costs would need to be identified as a growth item (or potentially funded from ticket sales).

Option 2

Establish a Community Lottery for Fareham and nominate One Community to continue to promote and support it, with their employee costs covered by reducing the amount received by good causes to 40%. This option would cost the Council £5,040 in set up fees, which includes the £5,000 payment to Gatherwell and the £40 Lottery Raffle Licence fees. In addition to this, the anticipated budget required to cover resource costs for the set-up period is a maximum of £4,000, although the final figure would be subject to the approval of One Community's Board of Trustees.

The total set-up costs can be seen in the table, below.

Cost	Amount
Set up	£5,040
Initial resource costs	£4,000

The distribution of funding for this option can be seen in the table below, using a figure for anticipated total ticket sales of £60,000 as a baseline.

Allocation direct to good causes	40%	£24,000
Allocation to Gatherwell for administration and VAT	20%	£12,000
Allocation to Community Fund	10% +	£6,000
Allocation to One Community for resource costs and Lottery Raffle Licence Fee	10% or less	£6,000
Allocation for prize money	20%	£12,000

An overview of the Community Lottery process has been discussed with One Community, whose response has been very positive.

Option 3

Reject the idea of a Community Lottery for Fareham, due to the resource implications and associated costs, which would result in no additional cost to the Council.

RISK ASSESSMENT

30. There are no significant risks associated with this report.

CONCLUSION

31. The establishment of a Community Lottery would necessitate an amount of financial outlay. However, at a time of significant financial challenges for charities and the voluntary sector, its ability to generate funds could be a lifeline for them.
32. Option 2, to nominate One Community to run and support a Community Lottery for Fareham, would eliminate ongoing costs to the Council whilst ensuring identified financial benefits for the community.

Enquiries:

For further information on this report please contact Lindsey Ansell, Director of Leisure and Community (Ext. 4567) or Claire Benfield, Leisure and Community Officer (Ext 4495).