

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards	Discretionary /	(a) Be entirely within cabinet's powers to decide NO (b) Need to be recommendations to Council YES (c) Be partly for recommendations to Council NO and partly within Cabinets powers –		
Lead Member: Cllr Elizabeth Nockolds E-mail: <i>cllr.Elizabeth.Nockolds@West-Norfolk.gov.uk</i>		Other Cabinet Members consulted: Cllr Brian Long		
		Other Members consulted:		
Lead Officer: Lorraine Gore E-mail: <i>Lorraine.Gore@West-Norfolk.gov.uk</i> Direct Dial: 01553 616432		Other Officers consulted: Management Team, Monitoring Officer		
Financial Implications YES	Policy/Personnel Implications YES	Statutory Implications YES	Equal Impact Assessment YES If YES: Pre-screening	Risk Management Implications YES

Date of meeting: 6 September 2017

LOCAL LOTTERY

Summary

A local authority lottery is a concept that has been introduced by a number of local authorities across the country with many more exploring the concept. At a time when there are increasing pressures on funding available to the voluntary and community sector they are being seen as a way of providing support to bring in additional funding.

The Gambling Act 2005 includes as a permitted category of a lottery, a 'local authority lottery'. Local authority lotteries are promoted by the local authority and must be licenced by the Gambling Commission. Authorities may use the net proceeds of such lotteries for any purpose for which they have power to incur expenditure.

The options for running a local authority lottery include running it in-house, or to partner with an External Lottery Manager (ELM). To run a lottery in-house would require staffing, including a lottery manager and the purchase and running of software systems. The costs of this have not been explored in detail by officers but other local authorities have found them to be significant. If the Council were to partner with an ELM, other than small initial start-up costs and the on-going gambling licence with The Gambling Commission and membership of The Lottery Council, the operation of the lottery would be fully funded through the ticket proceeds and would bring in the skills and expertise to run all elements of the lottery process.

Aylesbury Vale District Council was the first to launch an online local authority lottery in November 2015. This is run in partnership with Gatherwell Ltd, an External Lottery Manager (ELM). Since then 14 other Local Government

bodies have gone live, with 18 more planning to be live by Christmas 2017 and 30-40 more at the development stage.

Recommendations

1. That Cabinet recommend to Council that a local lottery is established and operated by an External Lottery Manager.
2. That the Council engage the services of Gatherwell Ltd to act as its External Lottery Manager.
3. That delegated authority be given to the Executive Director – Finance Services (S151 Officer) in consultation with the Monitoring Officer to sign the necessary agreements to enter into the local lottery with Gatherwell Ltd.
4. The two gambling licences required with the Gambling Commission to be held by the Executive Director – Finance Services (Section 151 Officer) and the Executive Director – Environment and Planning.
5. An initial budget of £7,000 is made available for the one off set up costs and marketing and launch of the local lottery to be funded as detailed in the report. The budget to be amended to meet the annual licence and membership costs of £1,000.
6. The criteria for selecting the good causes which can become part of the local lottery detailed at Appendix 2 be adopted.
7. The monitoring and review of applications from good causes to be delegated to the Portfolio Holder for Culture, Heritage and Health, and the Executive Director – Finance Services. In addition Norfolk Community Foundation to provide an independent due diligence review of these arrangements.
8. All monies raised through the local lottery which are not linked to a specific good cause will be distributed through the existing small grants financial assistance application process. Any uncommitted balance at the end of each financial year to be donated to the Mayors charity.

Reason for Decision

To establish a local authority lottery for the Borough Council of King's Lynn and West Norfolk.

1. Background

- 1.1 At a time when there are increasing pressures on funding available to the voluntary and community sector a local authority lottery has the potential to raise additional funds for the voluntary and community sector in the borough, at no ongoing costs to these groups and minimal expenditure to the council itself.
- 1.2 Whilst the council will take an active role in the initial launch and marketing of the local lottery, the eventual success of the lottery will be down to the promotion of the lottery by those good causes who themselves benefit from its wider take up.
- 1.3 Potential players of the local lottery on visiting the website can select a beneficiary from a list of good causes and charities. Alternatively they can join the lottery without specifying a particular good cause and with the money distributed by the council via its current grants small financial assistance application process.
- 1.4 Gatherwell Ltd are the market leader in the provision of external lottery manager services with 14 local authority lotteries utilising their websites currently, 18 planning to be live by Christmas 2017 and 30-40 at the development stage. Gatherwell also have a 'Your School Lottery' product with 350 schools involved.
- 1.5 If the Council decides to operate a local lottery with Gatherwell Ltd this would be on the basis of their existing product model, and not a bespoke product for BCKLWN.
- 1.6 The local lottery proposal was supported in principle by the Environment and Community Panel on 15 March 2017. Further details in response to questions raised at the Panel meeting are included at Appendix 1 and the presentation on how The Gatherwell lottery model operates is included at Appendix 3.
- 1.7 The date for the launch of the local lottery will be dependent on acquiring the gambling licence which on average takes 16 weeks from date of application.

2. How would the Local Lottery Operate

- 2.1 The Gatherwell platform operates in the following manner.
 - Tickets are purchased (on-line only) for £1 and each ticket has a 1 in 50 chance to win;
 - Tickets cannot be purchased for a single draw. Tickets are purchased for a minimum of a month at a time. Tickets can be purchased in 1, 3, 6 or 12 month blocks and are linked to one good cause.

- Prizes will follow the established model as per the table below

Number of matches	Prize	Matching patterns	Odds
6	£25,000	NNNNNN	1,000,000:1
5	£2,000	NNNNNn or nNNNNN	55,556:1
4	£250	NNNNnn or nnNNNN	5,556:1
3	£25	NNNnnn or nnnNNN	556:1
2	3 extra tickets	NNnnnn or nnnnNN	56:1

N is a match, n is not. So NNNNNN is 6 matches and nnnnnn is no matches

- Each ticket will consist of 6 numbers and each number will be between 0 and 9. There will be a draw every Saturday night when a 6 digit winning combination will be picked. Prizes will be given to players with tickets that match the first or last 2-6 numbers from the winning combination. Match all 6 and you win the JACKPOT!
- Draws are every Saturday with results posted live online and winners notified by email;
- Players sign up on-line and payment is via Direct Debit or payment card (credit or debit card). Some members of the Environment and Community Panel asked if sales of scratch cards through shops could be considered. This is not an option with the proposed lottery model.
- Players can purchase multiple tickets for multiple good causes.
- Winning players are notified via email and receive prize money directly into their nominated bank account or can donate their prize to a nominated good cause;
- Good causes are paid their income automatically to a nominated bank account on a monthly basis.

2.2 The £1 ticket price is then distributed as follows :

- 60% to good causes
- Of which 50% will go to specific nominated good causes (on identifying them when buying the tickets) and 10% will be distributed by the council through the existing small financial assistance process.
- 20% to prize fund
- 17% to External lottery Management company for running the back office and payment aspects of the lottery
- 3% to VAT

- 2.3 Once Good causes have been approved and registered by the Council (subject to the criteria detailed at Appendix 2) and included on the site it will be in their interests to promote it, thereby forming a virtuous circle. Anecdotal evidence suggests that it is not seen as direct competition to charities own fund raising activities, but rather as another and very welcome funding stream.
- 2.4 The External Lottery Management company would host and maintain the website, and complete the administrative tasks including the collection and distribution of monies (subject to council authorisation) to prize winners and good causes.
- 2.5 There is a one off initial cost of £3,000 to configure the website and an annual renewal of licenses with The Gambling Commission and membership of The Lottery Council of £1,000. The operation of a lottery in partnership with the ELM will require limited involvement from the council; two officers will be required to hold the necessary gambling licenses and the weekly administration is less than fifteen minutes per week spent authorising payments and reviewing good causes applications.
- 2.6 A tender process for the Lottery will not be required. Legal advice states that as it is an award for a public service concession, under current Concessions Contracts Regulations 2016, specifically under Regulation 10(13), lottery services are expressly excluded from being governed by the procurement rules.

3. Policy Implications

- 3.1 The operation of a local lottery scheme provides an opportunity to generate additional income for local good causes at a time when the Council has had to review the budget it can make available to fund financial assistance.

4. Financial Implications

- 4.1 There is a one off initial set up cost of £3,000 to configure the website which will need to be funded from within the overall Council budget. The budgetary control report to the end of July 2017 indicates that these costs can be met.
- 4.2 It is proposed to provide an initial budget of £4,000 for the marketing and launch of the local lottery. The current small grants financial assistance budget includes £4,000 per annum which is allocated to fund a particular theme each year. This budget has not been committed in 2017/2018 and it is proposed to use this budget to launch and market the BCKLWN local lottery.

- 4.3 There are annual costs of £1,000 for the licences and membership. The budget will need to be amended to meet these costs.
- 4.4 The potential income from the lottery is difficult to quantify at this time. The Aylesbury Vale lottery has been operating since November 2015 and is selling around 2,500 tickets and generates annual income for good causes of about £70,000. Mendip District Council launched their lottery in March 2017 and they sell around 500 tickets with estimated income of £16,000 being raised for good causes.
- 4.5 The income raised for good causes will be redistributed in full. All monies raised through the local lottery which are not linked to a specific good cause will be distributed through the existing small grants financial assistance application process. Any uncommitted balance at the end of each financial year to be donated to the Mayors charity via grant applications. The council is not seeking to recover the cost of the gambling licences and membership from this income.

5. Staffing Implications

- 5.1 Two officers within the authority must hold gambling licenses.
- 5.3 There will need to be an initial staffing input from the Communications Team for the marketing and launch of the BCKLWN local lottery.
- 5.2 Administration of payments to winners and approval of good causes will be undertaken by existing staff in Financial Services.

6. Statutory Considerations

- 6.1 The Gambling Act 2005 includes as a permitted category of a lottery, a 'local authority lottery'. Local authority lotteries are promoted by the local authority and must be licenced by the Gambling Commission. Authorities may use the net proceeds of such lotteries for any purpose for which they have power to incur expenditure.
- 6.2 A tender process for the Lottery will not be required. Legal advice states that as it is an award for a public service concession, under current Concessions Contracts Regulations 2016, specifically under Regulation 10(13), lottery services are expressly excluded from being governed by the procurement rules.

7. Equality Impact Assessment (EIA)

7.1 Pre-screening equality impact assessment attached.

8. Risk Management

8.1 There is a reputation risk attached to the operating of a lottery, and the concern that it promotes gambling. An element of the membership fee to The Lottery Council is donated to GambleAware. Individuals taking part in the lottery have to be 16 or over and the ELM has processes in place to verify this. The local lottery page will include the following:

Always play responsibly, if you need to talk to someone about your gambling please contact www.gambleaware.co.uk

9. Background Papers

Further information on Gatherwell:

<http://www.gatherwell.co.uk/>

Further information on The Gambling Commission:

<http://www.gamblingcommission.gov.uk/home.aspx>

Further information on The Lotteries Council:

<https://www.lotteriescouncil.org.uk/>

Further information on Aylesbury Vale District Council Local Lottery:

<https://www.valelottery.co.uk/>

Pre-Screening Equality Impact Assessment

Borough Council of
**King's Lynn &
West Norfolk**



Name of policy/service/function	Local Lottery Scheme				
Is this a new or existing policy/ service/function?	New				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service rigidly constrained by statutory obligations	To set up and operate a local lottery scheme				
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age			/	
	Disability			/	
	Gender			/	
	Gender Re-assignment			/	
	Marriage/civil partnership			/	
	Pregnancy & maternity			/	
	Race			/	
	Religion or belief			/	
	Sexual orientation			/	
	Other (eg low income)			/	
Question	Answer	Comments			
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favoring a particular community or denying opportunities to another?	Yes / No	/.			
3. Could this policy/service be perceived as impacting on communities differently?	Yes / No	/			
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	Yes/ No				
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	Yes / No	Actions:			
		Actions agreed by EWG member:			
Assessment completed by: Name	Lorraine Gore				
Job title Executive Director Finance Services	Date 7 March 2017				

Environment and Community Panel questions

Methods of payment

- Users can purchase tickets with Credit and Debit cards as a one off purchase for 1 month, 3 months, 6 months or 12 months or as a recurring payment. Direct Debits are available for recurring payments.
- Evidence from existing local authority lotteries show that 90% of people subscribed on a recurring basis with high retention levels.

Gambling and Age concerns

- Credit cards can not be excluded as a means of payment – however Gatherwell figures indicate that this is the least popular method of payment, and a warning is given prior to taking the monies.
- The lottery is drawn on a Saturday evening but stops selling tickets at midnight on Friday.
- Players of the lottery have to declare their age as 16 or over. Back office and random checks are undertaken to verify the date of birth using either passport or driving license information.
- Internal data identified the players as being on average over 40, affluent and community minded indicating it was a planned purchase.
- Membership of the Lottery Council is a requirement of the Gambling Commission licence. The Lottery Council then make a donation to Gamble Aware (<https://about.gambleaware.org/>) who are an independent charity tasked to fund research, education and treatment services to help minimise gambling-related Harm in Great Britain.

Management of the Prize fund.

- All monies relating to the lottery are held by Gatherwell in a separate 'Client Deposit account' for each separate lottery, as this is a legal requirement of the Gambling commission.
- Gatherwell work very closely with the Gambling Commission and were audited by them in June 17, and subject to an annual independent technical security audit (May 2017) which is submitted to the Gambling Commission for review.
- Currently there have been no Jackpot payments across the councils involved.
- The Jackpot is covered by insurance and the other prizes would be honoured by Gatherwell until such time as the Fund is sufficiently large to pay out.

Winners and payment of winnings

- Winners are notified by e-mail and then reply to a link which offers them the chance to donate the winnings (10% of winners do this) or take the money, whereupon they have to provide bank details for a BACS transfers.
- Age verification checks are carried out by asking for either passports or driving license details.

Good Causes

- There is no limit to the number of good causes who can be on the site (one council has 161 registered good causes)

Gambling Commission

- The license application from the Gambling Commission takes up to 16 weeks to complete.
- The Gambling Commission regularly audit the ELM's

Other Councils

- There are currently 14 other councils live using the Gatherwell platform, a further 18 should be live by Christmas and between 30 and 40 more are in discussions.
- The committed councils have set up a quarterly forum (which Gatherwell attend) in order to focus on best practice and improving the user / good cause experience.

Other ELM's & Credit Scoring

- There are a number of other External Lottery Managers listed on the Lotteries Council website (www.lotteriescouncil.org).
- Gatherwell, who developed their model with Aylesbury Vale Council (who have been live since November 2015) are dominant in this sector. Their current credit rating based on last years accounts considers them to Low Risk.

Criteria for selecting good causes:

The criteria for selecting which good causes will be eligible, is proposed as

The organisation must:

- Provide community service within BCKLWN Council's geographic area, which are of benefit to BCKLWN residents.
- National charities must have a local presence and be able to demonstrate that the monies received will be distributed locally.
- Have a formal constitution or set of rules
- Have a bank account with at least two unrelated signatories
- Operate with no undue restrictions on accessing the services provided
- Actively market the lottery
- Provide the Council with such documentation as the Council needs

And be

- A constituted group with a volunteer management committee that meets on a regular basis (at least three times a year) ; or
- A registered charity; or
- A Community Interest Group

We will not accept organisations that:

- Promote a particular religious or political belief
- Aim to distribute a profit
- With no established management committee or board of trustees, unless a Community Interest Group

The Council will reserve the right to admit any organisation, or to end an organisations participation on whatever grounds it thinks fit.

Gatherwell presentation



Who we are and what we do

Who are we?

Gatherwell are an External Lottery Management Company licensed by the Gambling Commission to run lotteries on behalf of good causes across the UK.

Our mission

Founded by the 3 directors in 2013 with the mission of helping good causes by raising money within the community for the community.



Community based fundraising

Providing communities with the tools to raise funds to improve their community.



Every good cause matters

To care about participation at every level. To make sure every good cause gets the support it needs to build a successful campaign.



Maximise participation

Maximise participation by accessing all sectors of participants (prize motivated to altruistic).



Market leading campaign support

Provide local causes with enterprise level marketing support. Making it as easy as possible to build support.

Meet Our Team



Wayne Chow
Operations Director

Over 23 years Sales and Marketing leadership of blue chip brands within consumer products, magazine and online industries.



Ben Speare
Managing Director

With 20 years experience in blue chip organisations Ben is a seasoned commercial manager passionate about making a difference to good causes at a grass root level.



Martin Woodhead
Technical Director

With over 18 years IT experience, Martin has a background in designing and managing market leading gambling platforms.

Why Lotteries



Vale Lottery

Launched in November 2015. The Vale Lottery is the first online Local Authority Lottery in the UK

Created directly in response to the pressure on the community funds budgets and to help the Voluntary and Community Sector (VCS) gain access to new funding streams.



Track record

Incredible start – Over 40 causes signed up for the first draw. Coverage on BBC TV, radio and press.



Growing

Over 100 good causes now signed up for their own page, with money raised already going to support their work. Ticket sales still rising daily.



Satisfied customers

Overwhelming customer satisfaction feedback from good causes and supporters.

www.gatherwell.co.uk

Vale Lottery In Numbers



www.gatherwell.co.uk

A growing network of Local Authority Lotteries



How it works

How The Lottery Works



www.gatherwell.co.uk

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Splitting The Pound



www.gatherwell.co.uk

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Prizes!

Odds of winning a prize are **1 in 50**

Number of matches	Matching patterns	Odds	Prize
6	NNNNNN	1,000,000:1	£25,000
5	NNNNNn or nNNNNN	55,556:1	£2,000
4	NNNNnn or nnNNNN	5,556:1	£250
3	NNNnnn or nnnNNN	556:1	£25
2	NNnnnn or nnnnNN	56:1	3 free tickets

i N is a match, n is not. So NNNNNN is 6 matches and nnnnnn is no matches

Bolt-on Prizes

- In addition to the core lottery proposition it is possible to run additional 'bolt-on' prize draws.
 - These can be used at any time to encourage participation (particularly useful at launch, e.g "sign up before the first draw and you will be entered into a separate prize draw to win an Ipad!")



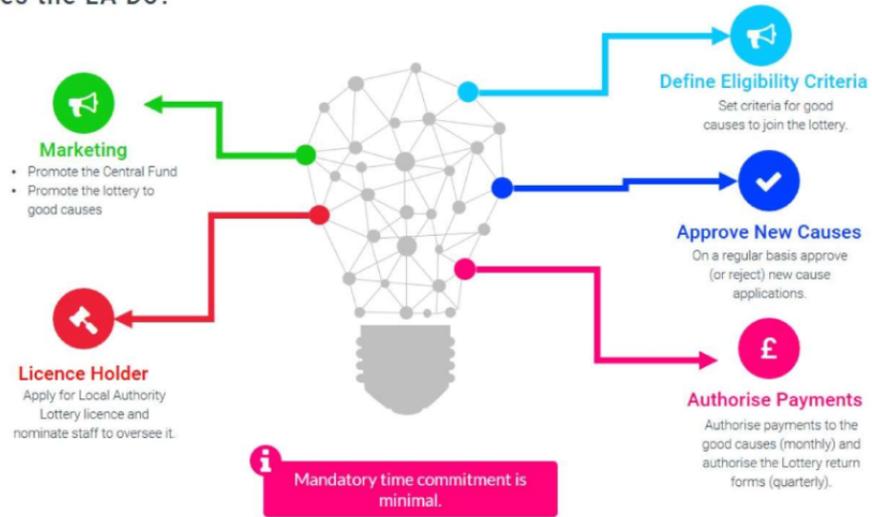
How The Lottery Works



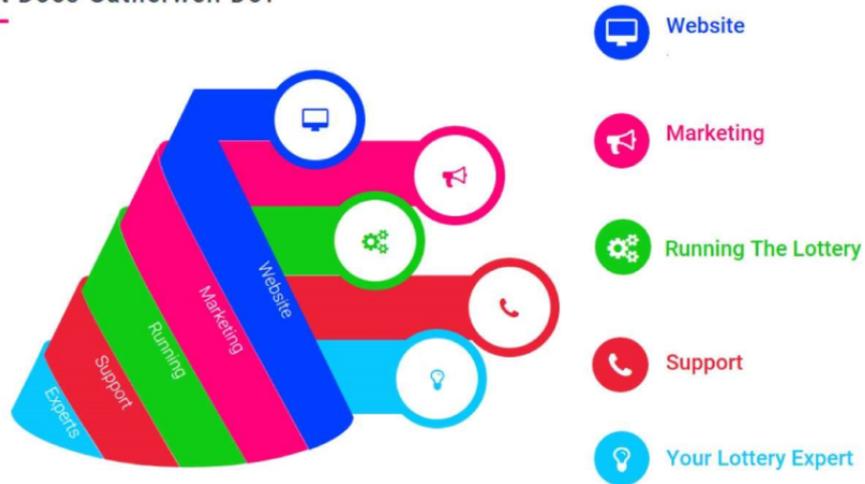
Bespoke Marketing Materials



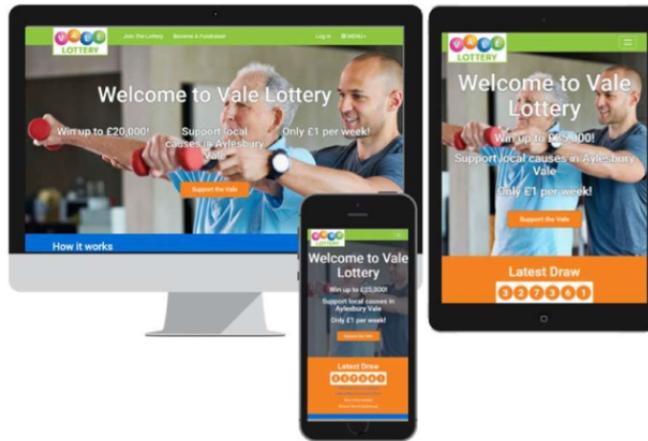
What Does the LA Do?



What Does Gatherwell Do?



What Does Gatherwell Do?



www.gatherwell.co.uk



Website

- Bespoke website designed in partnership with you
- Powered by the Gatherwell LAP engine
Regularly updated with new features to keep up with the latest technology and improve player acquisition and retention
- Hosted on your own domain
- Fully secure, PCI compliant site
- 99% uptime SLA, monitored 24/7
- Responsive website
Viewable on all devices (mobile, tablet and desktop)

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What Does Gatherwell Do?



Marketing

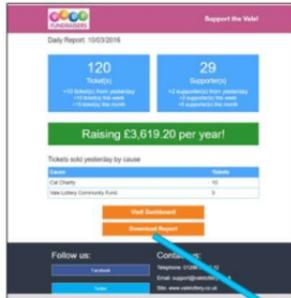
- Professional high resolution marketing materials
- Updated regularly (currently once a month):
 - Maximises participation
 - Motivational and keeps campaigns fresh
 - New materials are great for encouraging causes to do extra marketing and always result in increased ticket sales
- Bespoke good cause marketing materials:
 - Printable and Digital leaflets
 - Image files for use on social media
 - Branded for each good cause with their own logo, name and other details
 - Unique links and QR codes which point to the cause's page
- Marketing assistance for all other campaigns:
 - Social media campaign management
 - Artwork provisioning for promotional banners, car livery, magazine articles etc

www.gatherwell.co.uk



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What Does Gatherwell Do?



www.gatherwell.co.uk

Running The Lottery

- Payments
 - Payment methods to suits all preferences (Direct Debit 57%, Debit & Credit Cards 43%)
 - Branded banking statement identity
 - Winner & cause payment administration
- Player Engagement
 - Fully flexible number selection (42% of players choose their cherished numbers - these players buy more tickets and stay for longer)
 - Winner Communications & reminders
 - Full 'bolt-on' prize capabilities (e.g. win a car/iPad/theatre tickets)
 - Donate back to good cause option for winners
- Player Retention
 - Ticket expiry chasing
 - Card expiry & payment failure chasing
- Lottery Management
 - Daily performance reporting
 - Lottery return completion
 - Campaign Manager Portal for every good cause

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What Does Gatherwell Do?

Support

- Dedicated Telephone number for your supporters and good causes - answered as your brand
- Dedicated email address with the same domain name as the website
- Dedicated social media accounts managed by Gatherwell (Facebook and Twitter) for posting results and increasingly direct communication with customers



www.gatherwell.co.uk

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What Does Gatherwell Do?



Your Lottery Expert

- We are on hand to help you with everything and anything related to the lottery
 - In the initial phases of the lottery this includes help and support gaining the required Gambling Commission licence.
 - We provide personalised training to the management licence holders.
 - As your lottery partner, we'll be working with you to drive ticket growth and also be on hand for advice and support on anything related to the lottery.
 - As our network of LA's grows there will be opportunity for LA's to share best practice and advice through user forums as well as creating development ideas for the platform.

Timeline to a launch



Cost of a launch



- Gatherwell Setup Fee - **£3,000 + VAT**
 - Website design, hosting, maintenance and development.
 - Payment gateway investments (dedicated Direct Debit and payment card accounts)
 - Dedicated support telephone number, email & social media accounts
 - Marketing strategy support and generic design creation
 - Gambling License application support
 - Training for licence holders
- Gambling Commission Licence –**£692 /year + (application fee £244) ***
- Lotteries Council Membership – **£350 /year + (application fee £25)**
- Launch marketing investment – **est minimum £3000 /year** (as much or as little as you want!)
 - Bolt on launch prizes
 - Good Cause launch event
 - PR & press events
 - Focused above the line marketing e.g press, radio, refuse vehicle branding, etc.
 - Social media campaigns



We're excited to help your local
good causes flourish

Questions?

