

## Establishment of a Good Causes Lottery in Thanet

Cabinet	<b>27 April 2017</b>
Report Author	<b>Tim Willis, Director of Corporate Resources &amp; Section 151 Officer</b>
Portfolio Holders	<b>Cllr John Townend, Portfolio Holder for Financial Services and Estates</b>
Status	<b>For Decision</b>
Classification:	<b>Unrestricted</b>
Key Decision	<b>No</b>

### **Executive Summary:**

This report sets out the features of the Thanet Lottery and the processes required prior to the first draw of the lottery in September / October 2017.

### **Recommendation:**

1. That Cabinet approves the process to establish a Good Causes Lottery in Thanet in accordance with the 9 February Council decision regarding the budget for 2017-18.
2. That the purpose of the Lottery is to raise funds for local Good Causes which benefit Thanet residents.
3. That the Director of Corporate Resources & Section 151 Officer be given delegated authority to appoint an External Lottery Manager (ELM) subject to due diligence and appropriate procurement activity.
4. That all income and expenditure in relation to the lottery be administered within a lottery reserve, administered by the S151 Officer.
5. That the Director of Corporate Governance & Monitoring Officer be given delegated authority to promote and operate the lottery on behalf of the council and establish personal licence holders as part of the internal governance arrangements.

### **CORPORATE IMPLICATIONS**

#### **Financial and Value for Money**

The Medium Term Financial Strategy and the 2017-18 Budget include the establishment of a lottery as part of income generating schemes with target income of £30,000 which will be used to support good causes.

The support of good causes is included in the budget, i.e. if the lottery does not generate the £30,000 net income then the funding of £30,000 to good causes will be in jeopardy.

Examples of good causes currently supported by the council include:

	<p>Thanet Citizens Advice Bureau; Town Teams in Broadstairs, Margate &amp; Ramsgate; Nature reserves in Pegwell and Monkton; Community associations in Birchington and Westgate and East Kent MENCAP</p> <p>The direct costs of this project including the set-up of a lottery website, managed and hosted by the ELM are containable within the projections that support the budget.</p> <p>The management contract with the ELM will set out how the costs (including prizes) and income from ticket sales will be administered and distributed.</p>
<b>Legal</b>	<p>Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the Council's finances. For this Council, it is the Director of Corporate Resources (S151 Officer), and this report is helping to carry out that function.</p> <p>The Gambling Act 2005 (The Act) includes as a permitted category; a 'local authority lottery'. Such lotteries must be licenced and regulated by the Gambling Commission and the council may use the net proceeds of the lottery for any purpose for which they have power to incur expenditure.</p> <p>A local authority licensed by the Gambling Commission is required to have at least one Personal Management Licence holder and as a safeguard on all future draws it is best practice to have a minimum of 2 such licence holders in the council.</p> <p>Additional information on the Act and local authority lotteries is attached in Annex 1.</p> <p>The contract for engagement of an ELM will be procured in accordance with Thanet Contract Standing Orders and all other regulatory provisions applicable in this case. No lottery manager services shall commence until a signed legal agreement has been completed between the council and its chosen Manager; this Agreement will include special conditions to be drafted by external solicitors with specialist knowledge of contract subject matter.</p> <p>Special conditions of contract will be formulated following external legal advice, costs of which are included in the budget for the project.</p>
<b>Equalities Act 2010 &amp; Public Sector Equality Duty</b>	<p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy &amp; maternity. Only aim (i) of the Duty applies to Marriage &amp; civil partnership.</p>

Please indicate which aim is relevant to the report.	
Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,	
Advance equality of opportunity between people who share a protected characteristic and people who do not share it	✓
Foster good relations between people who share a protected characteristic and people who do not share it.	✓
A preliminary assessment has been completed and all actions identified will be carried out as part of the project implementation plan.	

<b>CORPORATE PRIORITIES (tick those relevant)✓</b>	
A clean and welcoming Environment	
Promoting inward investment and job creation	
Supporting neighbourhoods	✓

<b>CORPORATE VALUES (tick those relevant)✓</b>	
Delivering value for money	✓
Supporting the Workforce	
Promoting open communications	✓

## 1.0 Introduction and Background

- 1.1 The establishment of a local lottery is a concept being explored by a number of local authorities across the country. At a time when there are increasing pressures on resources, lotteries are seen as a way of providing supplementary funding.
- 1.2 Aylesbury Vale was the first to launch an online local authority lottery (Vale Lottery) in November 2015. Since then, local authority lotteries are known to have started in Tonbridge and Malling, Portsmouth and Mendip, with others in the process of being set up, including Melton and Rushmoor.
- 1.3 The Vale Lottery is selling approximately 2,200 tickets a week to a population of approximately 190,000 (1.2%) and is expected to donate circa £65,000 to good causes. It is very hard to project sales in advance, but an equivalent performance in Thanet would generate sufficient proceeds to cover the budgeted target of £30,000.

## 2.0 Lottery Operation

- 2.1 The options for managing a local authority lottery include running it in-house, or to procure the services of an External Lottery Manager (ELM), on contract terms to be agreed. 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 been explored in detail by other local authorities and found to be prohibitive in the short term. If the council were to engage an ELM, other than initial start-up costs, 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.
- 2.2 It is considered that appointing an ELM would be the most cost-effective solution to operating a lottery and this is consistent with the approach of other local authority lotteries.
- 2.3 The ELM will be fully insured in respect of the prize fund commitments and the good causes proceeds from ticket sales.

### **3.0 The Role of the Council**

- 3.1 In order to operate a local authority lottery, the council will need to apply for a Local Authority Lottery Licence from the Gambling Commission. There will need to be a contractual arrangement with an ELM (who must also be licensed) to run the lottery although the council would retain obligations to the Gambling Commission, including policies on fair and open gambling and regular reports on activity.
- 3.2 The council will also promote and launch the Lottery, authorise payments to good causes and complete monthly returns to the Gambling Commission.
- 3.3 Personal Management License Holders will be senior officers who take overall management responsibility for the promotion and proper management of the lottery and for compliance with the regulatory regime as a whole.
- 3.4 The council will define eligibility criteria against which applications from good causes wishing to join the lottery will be assessed. It is proposed that these criteria be approved by Cabinet.

### **4.0 Next Steps**

- 4.1 All dates are subject to Cabinet approval on 27 April 2017. Procurement activities in respect of defining the scope of the project and the legal framework in which the lottery will operate have been completed. Quotation documentation will be issued week commencing 1 May 2017 and contract award is anticipated week commencing 26 June 2017.
- 4.2 The proposed contract will be subject to special conditions (to be drafted by external lawyers with specialist knowledge and expertise in this field) including clauses in respect of early exit from the contract in the event of low participation and security of good causes funds in the event the ELM is wound up or goes into administration.
- 4.3 Gambling Commission licence application information is being collated and the application will be made following approval to proceed. The minimum timescale for issuing the licence is likely to be 8 weeks and maximum is 16 weeks. Application for personal management licence holders will be carried out as part of this process.
- 4.4 ELM system live date is forecast for the end of August and a first draw date will be subject to this milestone being met. The first draw date will also be subject to a review of market intelligence including projected ticket sales and is currently envisaged to take place in early October.
- 4.5 Marketing and promotion activities will commence in May 2017 which will include establishment of the initial good causes after selection criteria are agreed, market research on the name of the lottery, registration of a domain name for the website and set up of initial promotional channels. All activities will be in line with corporate objectives with constant reference to Responsible Gambling.

Contact Officer:	Ken Trotter, interim Head of Finance
Reporting to:	Tim Willis, Director of Corporate Resources, s151 Officer

## Annex List

Annex 1	Gambling Commission Guidance
Annex 2	Equalities Impact Assessment
Annex 3	Draft guidelines and selection criteria

## Background Papers

Title	Details of where to access copy
None	N/A

## Corporate Consultation

Legal	Ciara Feeney, Head of Legal Services
Finance	Tim Willis, Director of Corporate Resources