

CABINET	AGENDA ITEM No. 5
10 JULY 2017	PUBLIC REPORT

Report of:	John Harrison, Corporate Director: Resources	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Contact Officer(s):	Andy Cox, Head of Energy Programmes	Tel. 452465

IMPLEMENTATION OF THE PETERBOROUGH LOTTERY

R E C O M M E N D A T I O N S	
FROM: <i>Directors</i>	Deadline date: <i>N/A</i>
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Approve the setting up of a Peterborough Lottery in accordance with the Medium Term Financial Plan. 2. Authorise the Corporate Director, Resource to establish the 'Peterborough Lottery' in accordance with the policies in the attached appendices including implementing and running the Peterborough Lottery; 3. Authorise the appointment of Gatherwell as the external lottery management company (ELM) to deliver the Peterborough Lottery; 4. Agree that the proposed distribution of funding be considered at a future meeting of Cabinet 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following the approval of the Medium Term Financial Strategy 2017/18 to 2026/27 by Council on 8 March 2017.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to gain agreement to the launch of an on line Peterborough Lottery to help fund discretionary support to local voluntary and community sector (VCS) and to enable good causes to raise funds directly in one of the first schemes of its kind in the country.
- 2.2 This report is for the Cabinet to consider under its Terms of Reference No. 3.2.4 'To promote the Council's corporate and key strategies and Peterborough's Community Strategy and approve strategies and cross-cutting programmes not included within the Council's major policy and budget framework.'

3. TIMESCALES

- 3.1 It is intended that the Peterborough Lottery will be launched in late autumn 2017.

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
---	-----------	----------------------------------	------------

4. BACKGROUND AND KEY ISSUES

4.1 Background

The Council's budget includes the following:-

A growing number of councils are establishing local lotteries as a way of generating income for local good causes. Gloucester City Council launched a lottery scheme in January 2017 and followed the likes of Portsmouth and Aylesbury Vale councils.

Following approval of the scheme by Council as one of the projects that formed part of the medium term financial plan on 8 March 2017, it is anticipated to launch a Peterborough local lottery with 60 per cent of proceeds being used by the council to support good causes.

The launch date is expected to be late autumn, and tickets would cost £1 with a maximum prize of £25,000. The draws would be weekly and all tickets would be sold online. All sales for the lottery would operate via a dedicated website.

The Peterborough local lottery will have two ticket types:

- 1) A local lottery ticket - Where players purchasing tickets do not specify a good cause to benefit from the proceeds and that proceeds generated would be distributed to local voluntary and community organisations by the city council.
- 2) A specific Peterborough Good Causes ticket - This would involve community and charity groups signing up so players could specify which good cause they wanted to support. This would ensure that half of the proceeds allocated to good causes goes to a specific good cause.

In setting up a local lottery, the Council will need to be licensed by the Gambling Commission, a requirement of which is for the council to contribute to the support of problem gambling. The website will contain a section providing links to gambling support organisations.

The income to support local good causes is estimated in Table 1 below.

Issue	2017/18 £k	2018/19	2019/20	2020/21	2021/22
Peterborough local lottery	-5	-65	-65	-65	-65

4.2 Set up of a local lottery through an external lottery manager

It is proposed to set up a local lottery through the use of an External Lottery Manager (ELM). This option would see a partnership with an existing deliverer of lotteries in the market place. This in effect means 'buying in' the skills and expertise of an existing provider and sharing the risk with them in order to deliver the lottery. The ELM will deliver all aspects of running the lottery, from ticket payments, prize management, licensing, and share with PCC and the good causes the role of marketing. Gatherwell are an ELM who create, launch and manage lottery systems. Currently, Gatherwell deliver a lottery on behalf of Aylesbury Vale District Council, Portsmouth City Council and Mendip District Council, and are currently supporting Melton District Council to establish their local lottery. It is proposed to appoint Gatherwell as the ELM to deliver the Peterborough Lottery.

4.3 Proceeds apportionment

Table 2 sets out the proposed apportionment of the proceeds for the two ticket types, (1) a Local Lottery Ticket (i.e. no specific good cause) and (2) a ticket to support a specific good cause.

Table 2: Ticket proceeds apportionment

Proceeds Apportionment				
	Specific Peterborough Good Cause Ticket		A Local Lottery Ticket (No specific good cause)	
	% Allocation	£ Allocation per ticket	% Allocation	£ Allocation per ticket
Specific Good Cause	50	£0.50	n/a	n/a
Prizes	20	£0.20	20	£0.20
Good Cause Central Fund	10	£0.10	60	£0.60
Gatherwell Ltd	17	£0.17	17	£0.17
VAT	3	£0.03	3	£0.03
Total	100	£1.00	100	£1.00

4.4 Prize structure

Players will be able to choose six numbers. To win the jackpot the ticket must match both the numbers and sequence as drawn. Players can also win a prize if the ticket matches the sequence of the first or last 2, 3, 4 or 5 numbers drawn (see Table 3). Multiple tickets are able to be purchased, and numbers can be changed by players. Bolt on 'raffle' type prizes are possible with this model. Players also have the option to donate their winnings to their chosen good cause if they so wish.

Table 3: Prize structure

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

The jackpot is an insured prize, i.e. if there is not enough money in the prize fund then the lottery is insured and the insurer will pay the prize(s). The insurance payment is part of the prize apportionment. The jackpot is a guaranteed pay out of £25,000 per winner (even if multiple people win the jackpot, each will receive £25,000). If there are no winners the prize does not roll over to the following week, i.e. the jackpot is always £25,000.

The prize fund is held in a Client Deposit Account. Gatherwell will set up this account and also underwrites the risk if the prizes won – other than the jackpot – exceed the monies held in the Client Deposit Account.

5. CONSULTATION

5.1 Consultation has been held with internal and external stakeholders, including scrutiny as part of the budget proposals within the medium term financial plan, approved by Council on 8 March 2017.

5.2 As part of the implementation of the project, the 'Good Causes' organisations will be consulted and invited to join the scheme.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 The anticipated outcome of this report is to enable the Corporate Director, Resources to commence implementation of the Peterborough Lottery and all associated appointments in relation to the setting up of the Lottery.

7. REASON FOR THE RECOMMENDATION

7.1 To help in addressing the budgetary pressures facing the council in the future, and to enable community groups to 'self-help' by gaining access to their own lottery within the Peterborough Lottery umbrella scheme.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 **Do Nothing:-** Discounted on the basis that the scheme will deliver savings to the Council which would otherwise be lost.

9. IMPLICATIONS

9.1 Project Cost and Resources

Set up costs and fees

It is estimated that the set up fees amount to £6,100 with subsequent annual licensing fees of £1,749 per year

9.2 Legal Implications

The local authority can operate this scheme under its general powers of competence as provided by the Localism Act 2011. The scheme would be licensed by the Gambling Commission who would regulate the scheme under the Gambling Act 2002. They would ensure that the organisations participating in the scheme met certain criteria such as they provide local activities or services, are properly constituted and have governance arrangements. The Gambling Commission also ensure the scheme is compliant to licensing code of practice for gambling responsibly.

9.3 Equalities Implications

An Equality Impact Assessment has been completed and is included in the Appendices

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985.

10.1 None.

11. APPENDICES

Appendix 1 - Equality Impact Assessment

Appendix 2 - Draft Criteria for 'Good Causes'

Appendix 3 - Children and Vulnerable Person protection policy

Appendix 4 - Fair and Open Gambling policy

Appendix 5 - Protection from Source of Crime and Disorder policy

Appendix 6 - Social Responsibility in Gambling policy
Appendix 7 - Implementation Procedures policy

This page is intentionally left blank