

**To:** City Executive Board  
**Date:** 20 June 2017  
**Report of:** Executive Director Organisational Development and Corporate Services  
**Title of Report:** Proposal to set up an Oxford Lottery to ease growing demand on the Council's open and small grants programmes.

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To propose the set-up of an Oxford lottery to raise resources for the voluntary and community sector in Oxford in light of the growing need to raise money for good causes within the city.
<b>Key decision:</b>	Yes
<b>Executive Board Member:</b>	Cllrs Dee Sinclair, Board Member for Community Services and Susan Brown, Board Member for Customer and Corporate Services
<b>Corporate Priority:</b>	Efficient, effective Council, Sustainable Communities
<b>Policy Framework:</b>	none
<b>Recommendations:</b> That the City Executive Board resolves to:	
<ol style="list-style-type: none"> <li>1. <b>Agree</b> to set up an Oxford lottery to raise money for good causes within the city in accordance with the provisions of this report;</li> <li>2. <b>Delegate authority</b> to the Executive Director for Organisational Development and Corporate Services, the arrangements to establish the lottery.</li> </ol>	

<b>Appendices</b>	
Appendix 1	Example of Criteria for signing up good causes
Appendix 2	Risk Register
Appendix 3	Equalities Impact Assessment
Appendix 4	Gambling Commission Requirements
Appendix 5	Survey of Voluntary & Community Organisations

## **Introduction and background**

1. The Council currently provides £1,430,970 of funding to the voluntary and community sector to support the delivery of Council objectives. Demand for financial support from the Council is increasing as a result of reductions in grant funding from other organisations, including the County Council, and increased demand for services. The Council's open bidding grants programme is always oversubscribed, and in 15/16 received requests for funding which totalled three times the amount of money available.
2. It is expected that funding pressures on the County Council will result in further cuts in support to a range of organisations in 17/18, hence it is likely the City's grants pot will come under even greater pressure.
3. In November 2015 Aylesbury Vale District Council (AVDC) launched the first Local Authority lottery. This was introduced to help provide funding for good causes in the district. AVDC have raised £70,000 for good causes in its first year of operation. AVDC use an External Lottery Manager (ELM) to administer the lottery on its behalf. There is no cost to the Council for this service, but the ELM is funded from a share of the ticket cost. Other authorities have subsequently developed their own lotteries including Portsmouth City Council, Melton Borough Council, and Stoke-on-Trent City Council.
4. Establishing a similar lottery in Oxford could raise, at conservative estimates, £60,000 annually for causes in the city. This report uses the AVDC lottery as a case study. There are a number of different External lottery managers in operation. Each provides a different model in relation to pricing, prize structures, and apportionment of the ticket price. If Members agree the development of an Oxford lottery, then a procurement exercise would be undertaken to contract with an ELM that best meets the Council's requirements. Details of the AVDC lottery can be found on its website, <https://www.valelottery.co.uk>

## **Operating principles**

5. Proceeds from the sale of tickets are used to support local good causes. Tickets cost £1, of which 50p goes to the purchaser's nominated fund, 8p goes to a central Council fund, 20p goes to the prize fund, 18p goes to the ELM and 4p is for VAT. The central fund can be used by the council either to increase its overall funding of the voluntary and community sector, or to free up budget to be used elsewhere. Due to the success of the Vale Lottery, AVDC have recently announced an increase in the top prize from £20,000 to £25,000 and an increase in the amount that goes to good causes to 60%.
6. To streamline administration, AVDC's lottery is only available online and payment for tickets is made by Direct Debit or payment card. The ticket purchaser can choose which good cause to support, or they can support the central fund. Players have a 1 in 50 chance of winning something. It is proposed that an Oxford lottery would also only be available online.

## **Good Causes**

7. Each good cause that is supported by the lottery has its own page within the lottery website and is provided with their own bespoke marketing material by the ELM. Each good cause is incentivised to promote the lottery by encouraging supporters to buy tickets and select them as the good cause to support. The ELM

commissioned by AVDC has advised that the number of good causes signed up, should be maximised to generate interest and increase the overall number of ticket sales, and hence the amount raised for good causes.

8. The Local authority is responsible for establishing the criteria for what counts as a good cause. AVDC have defined this quite widely as an organisation which benefits local residents (Appendix One contains the full criteria used by AVDC for accepting good causes). AVDC have over 100 organisations signed up as good causes which include: mental health charities, hospices, community libraries and local sports clubs. Portsmouth City Council have followed a similar approach requiring good causes to demonstrate an outcomes focus, operate within the city limits for the benefit of residents and meet the city's wider goal of "Working together to shape the great waterfront city".
9. If Members agree to the development of an Oxford lottery, the Council would need to develop a process for accepting and signing up good causes. Ongoing work which is required is the approval of payments, and signing up good causes. AVDC indicate this is not onerous and could be incorporated within existing resources. It is proposed that this work would be managed by the Council's Communities Team. The Communities Team are best placed to develop appropriate criteria for signing up good causes, ensuring that the aims of the organisations have a strong alignment with Council priorities, and that they are able to demonstrate the outcomes they have achieved. Additionally, when establishing the specific criteria, consideration will be given to the area benefitting from an organisation's activities and the financial viability of the organisation.
10. The indicative timescale for delivering a lottery would be within six months, and the start-up costs are £3,000. The process is broadly as follows:
  - Procure an ELM – three months
  - Apply for licence from Gambling Commission – six weeks (could be concurrent with above)
  - Launch the lottery for good causes – six weeks
  - Launch the lottery for players – six weeks
11. The two launches would each require a marketing campaign to be run. The first would target good causes which meet the criteria established by the Council for this purpose. The second would focus on promoting the lottery to residents to encourage ticket sales. This process would be supported by the good causes, who have an interest in getting lottery players to select their good cause when they buy a ticket. The ELM would manage the administration of the lottery, including ticket sales, conducting the draws and distributing prizes.

### **View of Voluntary & Community Organisations**

12. To assess the appetite of target organisations for participating in a lottery, a short survey was issued to 121 voluntary and community organisations that operate in Oxford. The survey was open for two weeks and received 35 responses (29%). It was carried out anonymously to increase the level of responses. Details of the survey and the responses received can be found in Appendix five.
13. 52% of respondents indicated that they would be interested in participating in a lottery and 62% of respondents said they would be willing to promote a lottery.

There was an opportunity for organisations to comment on the proposal, and 16 free text replies were made. Of these 5 indicated support for the proposal, 6 were neutral comments and 5 were questions about the operation of the lottery.

14. Five respondents said they already participated in a lottery. In the free text comments, two of these identified themselves as belonging to larger national organisations which run their own lottery. Research has not been able to identify any other Oxford lottery run by an organisation whose activity is mainly based in Oxford. Helen & Douglas House run a lottery, and whilst based in Oxford, they operate across most of the South and Midlands.

### **Benefits to Oxford City Council**

15. Oxford has a slightly smaller population than Aylesbury Vale (158,000 compared to 184,600), so with a similar level of ticket sales, would raise 85% of the amount that AVDC have done. This amounts to £60,000 over a year as compared to the £70,000 AVDC have raised.
16. Running a lottery would also enable smaller organisations to participate in a lottery, the cost of which would otherwise be prohibitive for them. It will also enable residents to choose the cause they want to support, and provide a potential funding source for those organisations the Council can't directly afford to support.

### **Financial implications**

17. The initial set up of the lottery will cost £3,000.00, and is estimated to be able to raise £60,000 per year, after deductions for running costs and prize money. Based on the AVDC model, £45-52,000 would go directly to good causes, with the remainder being available to the Council to either, invest further in its grant programmes or other projects, or deliver an efficiency saving. The set up costs can be met from the Welfare Reform Team cost centre, CD61.

### **Legal issues**

18. The Council will be required to obtain a licence to run the lottery from the Gambling Commission. Appendix four outlines the main requirements in applying for this licence.

### **Level of risk**

19. There may be concerns that establishing a lottery could be seen as the Council encouraging gambling, and creating a risk of people developing a gambling addiction. Others may have a moral or religious objection to establishing a lottery. However, lotteries are considered very low risk gambling activity by the Gambling Commission, due to the lack of instant gratification, and the lower chances of winning compared to other gambling activity. However, it is recommended that the Council should develop a policy in relation to problem gambling as mitigation if it wishes to set up a lottery. A risk register is included at Appendix Two. These risks should be balanced against the opportunity in creating a revenue stream to support voluntary and community organisations at a time when funding from the city council and elsewhere, is coming under greater and greater pressure.

### **Equalities impact**

20. An Equalities Impact Assessment is attached at Appendix three.

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**Background Papers:** None

## Appendix One

### **Criteria for joining the Aylesbury Vale Lottery – Good Causes Lottery :**

We want to enable as many organisations as possible to join the good causes lottery under the Vale Lottery. As you will be joining under our overall gambling license (Gambling Act 2005) we have to ensure that member organisations meet certain criteria. There is no application fee.

#### **Your organisation must :**

- Provide community activities or services within Aylesbury Vale, which are of benefit to the residents of Aylesbury Vale
- Have a formal constitution or set of rules
- Have a bank account requiring at least 2 unrelated signatories
- Operate with no undue restrictions on membership
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#### **And be either :**

- A constituted group with a volunteer management committee, with a minimum of three unrelated members, that meets on a regular basis (at least 3 times per year)
- A registered charity, with a board of trustees

#### **Or :**

- A registered Community Interest Company, and provide copies of your Community Interest Statement, details of the Asset Lock included in your Memorandum and Articles of Association, and a copy of your latest annual community interest report.

#### **We will not permit applications to join the Lottery:**

- from groups promoting or lobbying for particular religious or political beliefs or campaigns
- from organisations that do not do work within the boundaries of Aylesbury Vale
- from individuals
- from organisations which aim to distribute a profit
- from organisations with no established management committee/board of trustees (unless a CIC)
- that are incomplete

The Council reserves the right to reject any application for any reason.

The Council reserves the right to cease to license any organisation with a minimum of 7 days notice for any reason. If fraudulent or illegal activity is suspected cessation will be immediate.