

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

REPORT TO CABINET

October 2016

1. **REPORT TITLE** Newcastle-under-Lyme Local Lottery
- Submitted by:** Jane Sheldon - Business Improvement Officer (Research & Equalities)
- Portfolio:** Policy, People & Partnerships
- Ward(s) affected:** All

Purpose of the Report

To seek approval for recommendations to implement a local lottery for Newcastle under Lyme.

Recommendations

- (a) that the Council introduce a local lottery for the Borough of Newcastle, with the aim of raising funds for local charities, voluntary organisations and good causes;
- (b) that authorisation is given to officers to work with an External Lottery Manager to develop and implement a local lottery to commence as soon as practically feasible;

Reasons

An initial grant review was undertaken in 2014 to identify similarities and shared objectives in the criteria for Community Chest and Small Grants with a view to simplifying processes for both applicants and the Council. The subsequent review update in 2015 identified potential efficiencies that might be realised by including funding streams administered by the Operational Services Directorate with the streams administered by the Partnerships Team in the Chief Executive's Directorate. The review also sought to ensure that efficiencies and improvements can be made to enable the Council to maximise benefits to the community. Recent developments in other parts of the country have led to the consideration of a completely new approach to providing financial support to community groups in the form of a local lottery. A decision is required by members to enable preparations to be made for the early implementation of the scheme.

1. **Background**

- 1.1 As budget pressures continue to grow in all aspects of the council's work there has, and will continue to be an impact on the funding available for good causes. The concept of a lottery for Newcastle-under-Lyme is considered a viable alternative to providing financial support for local community and voluntary groups.
- 1.2 In late 2015, Aylesbury Vale District Council created the Vale Lottery. The lottery was developed in partnership with Gatherwell Ltd, an External Lottery Manager, and was the first local authority lead 'society lottery' in the country. During 2016, four further local authorities (Portsmouth City Council, Melton Borough Council, Mendip District Council and Gloucester City Council) have taken the decision to launch their own local lotteries in partnership with Gatherwell using the Vale Lottery model.

2. Issues

2.1 Given the significant reductions public sector expenditure over the last few years, and bearing in mind the potential for further reductions, there is concern that resources for local good causes will become increasingly constrained.

2.2 There are currently the four funding schemes available to local community and voluntary groups: The Community Chest, Small Grants, Green Grants and Cultural Grants. All have different procedures in terms of administration and decision-making. Administration of Community Chest currently accounts for 25% of the workload of the LAP Co-ordinator. The Partnerships Officer spends around 5% of their time dealing with the administration of Small Grants. Assessment of Green Grants accounts for less than 5% of the workload of the Operational Services part-time Admin Assistant with some support from officers within the Landscape team. Administration of Cultural Grants takes up no more than 2% of the workload of the Museum Managers. The Grants Assessment Panel meets 4 times per year to assess Small Grants and to take an overview of Green and Cultural Grants. Meetings are generally well attended by the Panel's 8 members and can last up to 3 hours. The Panel is supported by the Member Training and Development Officer and the Partnerships Officer.

It is considered that an alternative method of making support available to community groups would ensure that resources are utilised in a more efficient and cost-effective way and would put in place processes that are more simple and consistent.

3. Options Considered

3.1 Do not implement a local lottery for Newcastle.

This option would not address the issues identified with regard to future financial constraints on grant funding budgets and would not help to ease the administrative pressures involved with managing the current funding arrangements. (Not recommended).

3.2 Development of a local lottery for the Borough. By adopting the Vale Lottery model, there is an opportunity to benefit from the experience that the External Lottery Manager will bring whilst tailoring the process to fit with the needs of the Council.

This is the recommended option as not only will a financial saving be realised but the Council will be able to continue to fund local community groups. Using the lottery as the primary distribution mechanism for funding would also result in administrative efficiencies. More reasoning and considerations in this regard are provided in the next section. (Recommended)

4. Proposals and Reasons for Preferred Solutions

4.1 As budget pressures continue to grow on all aspects of the Council's work there will inevitably be an impact on funding available for the Council to commission work with the voluntary and community sector across the Borough.

4.2 A Borough lottery has the potential to help organisations to address any funding pressures they are facing whilst moving the Council from a 'provider' to an 'enabler'.

4.3 The Vale Lottery developed by Aylesbury Vale District Council and Gatherwell Ltd has been running since late 2015 and operates at two levels:

Vale Lottery – operating borough-wide, with profits generated distributed through existing funding mechanisms to local voluntary and community groups. Players in this option do not

specify a group to benefit from the proceeds. This helps those organisations who may have fewer local supporters and/or less ability to generate funding support due to the nature and size their services.

Specific Vale Good Causes – this version of the lottery enables groups to ‘sign up’ to take part in the lottery specifically raising a 50% of the ticket price for their good cause. By signing up they have their own web page for the lottery which helps them engage players and raise income. There is no cost or administrative burden for the community groups.

- 4.4 The Vale Lottery raised £53,000 for good causes via the central fund in its first three months and a further £17,500 was raised for specific good causes over the same period. A total of 115 good causes have signed up to join the lottery.
- 4.5 Until there is approval for the development of a borough lottery, no approaches have been made to Gatherwell and therefore, there are no clear proposals as to how a lottery would work in Newcastle. It is anticipated that the set up would be very similar to the Vale Lottery but it is envisaged that it will be possible to tailor the scheme to meet the needs of the Borough. The Vale model has been picked up by both Portsmouth City Council and Melton Borough Council, both of whom have lotteries due to start in the next few months. As such, officers would recommend to Cabinet that approval be given to pursue this further with a view to implementing a similar local scheme.

5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 When officers progress arrangements they will seek to ensure that organisations who sign up to support the lottery can demonstrate how they meet at least one of the four corporate priorities as identified in the Council Plan.

6. **Legal and Statutory Implications**

- 6.1 There is a slight risk of challenge should any organisation feel that they have suffered a loss as a result of the proposals set out in this report. This risk is mitigated, however, by the fact that community groups will still be in a position to receive financial support by signing up to become a ‘specific good cause’ or by benefitting from the lottery funds.
- 6.2 It will be necessary for the Council to make an application to the Gambling Commission and appropriate authority for a Lottery Operating Licence, and possibly a Remote Gambling Licence. The Licence will be subject to the conditions laid down by the Commission.

7. **Equality Impact Assessment**

- 7.1 There are no adverse equality issues identified as arising from this report.
- 7.2 The council’s four corporate priorities aim to address disadvantage and inequality where it exists across the borough and this will be a key consideration when developing the criteria for distribution of lottery funding. In addition, NULBC has made a clear promise to work co-operatively with partners and communities and will consult with local voluntary and community groups to ensure that the implications and benefits of the scheme are communicated effectively.

8. **Financial and Resource Implications**

- 8.1 The reduction in funding levels since 2014/15 has already realised a financial saving for the Council. Implementation of the recommendations outlined in this report will ensure that any further budgetary pressures will not have an adverse effect on the support that is provided to local good causes. It is envisaged that there will be a significant saving to the General Fund

as budgets earmarked for grants will be replaced by monies generated from the borough lottery.

- 8.2 It is anticipated that the initial set up costs for a borough lottery would not exceed £10,000. The initial outlay would include the fees to Gatherwell and promotion and marketing. There would be an initial one off cost of around £250 to register with the Gambling Commission and year on year expenditure of £700 for the appropriate licences from the Commission. These costs can be met from existing budgets.
- 8.3 There are resource implications for Council Officers who will be involved in implementing the recommendations contained within this report. However it is considered that these implications will be mitigated by the fact that administration for the existing grant schemes will no longer be required and resources within the Partnerships team will be re-deployed to support administration of the lottery in conjunction with the external lottery manager.

9. **Major Risks**

9.1 The major risks arising from this report are:

9.1.1 That by implementing a lottery scheme, the Council is seen to be advocating gambling, leading to adverse publicity.

Lotteries are the most common type of gambling activity across the world, and considered to be a 'low risk' form with respect to the emergence of problem gambling due to its relatively controlled form. The lottery would be fully compliant with the Gambling Commissions licencing code of practice. There are many local and national examples of similar schemes with philanthropic aims, e.g. Dougie Mac, Health Lottery, etc.

9.1.2 That the local lottery does not attract sufficient players leading to it being suspended or failing entirely.

It is considered that the success of the Vale Lottery is due to the support of their External Lottery Manager, Gatherwell Ltd. As already discussed four other local authorities have chosen to follow the Gatherwell model based on the testimonial of Aylesbury Vale District Council. Gatherwell's terms and conditions ensure that neither Gatherwell or the local authorities would be liable for any losses or failure. Furthermore, considerable marketing and promotion would be undertaken to mitigate this risk.

10. **Key Decision Information**

This is a key decision, as it will affect more than two wards.

11. **List of Appendices**

11.1 The 'Business Improvement, Central Services and Partnerships Grants Review 2014/15' and the 'Business Improvement, Central Services and Partnerships Grant Funding Review Update 2015' are available on request.