
Local Lottery – Supporting Information

1. Introduction/Background

- 1.1 Operations Board supported the progression of a Council lottery scheme following a presentation to the Board by Aylesbury Vale District Council on 15th March 2018. This report is intended to provide information on how the scheme will work in West Berkshire and to secure approval for the actions and budget required.
- 1.2 To move this forward it is proposed Aylesbury Vale's Lottery Implementation Service is used to set up the scheme, this is on the basis of an established track record of providing support to other Councils and a good success rate.
- 1.3 A draft five year business plan in section two of the Supporting Information shows a total projected income of in excess of £100k to community 'good causes' by the final year of the plan.
- 1.4 Transformational funding will be used to cover one-off set up costs of £13k, with ongoing running costs of up to £10k covered by the income that will be generated as shown in the draft business plan.
- 1.5 Subsequent to the presentation to Operations Board it has been proposed the Commissioning Service takes forward the implementation and manages the ongoing operation of the scheme.
- 1.6 The Corporate Programme will have over sight of progress via the Commercialisation Group. Governance in terms of budgetary matters will come via Budget Board.

2. Supporting Information

- 2.1 Caroline Wheller, Corporate Commercial Strategy Manager at Aylesbury Vale Council and Councillor Janet Blake gave a presentation as to the benefits of a Council Lottery Scheme to Operations Board on 15th March 2018. The presentation was well received and as a result the Board agreed subject to Executive approval, given the broader benefits that could be derived, to go forward with the implementation of a Council Lottery Scheme in West Berkshire.
- 2.2 Aylesbury Vale Lottery was created in 2015 by Aylesbury Vale District Council. The lottery still exists and Aylesbury have rolled their lottery scheme out to Corby Council, Wycombe District Council, Torbay Council and Broxbourne Borough Council all of which have launched lottery schemes. They are also currently working with South Hams West Devon Councils, Nuneaton and Bedworth Borough Council and South Oxfordshire District Council.
- 2.3 Based on their success in working with Councils Aylesbury Vale offer a Lottery Implementation service at a fixed fee cost of £10k – details are set out in Appendix C.

- 2.4 The Aylesbury Lottery is administered by the Vale Council within their Corporate Commercial Strategy Team and is an on-line lottery only. The cost of a ticket is £1 which is used as follows:
- 50p to a good cause fund that is selected by the player (the Council's Community Fund is one of those causes)
 - 10p directly to the Council's Community Fund
 - 20p to the prize fund
 - 20p to the External Licensed Manager (ELM)
- 2.5. Lottery income to the Council goes to Aylesbury's Community Fund which is effectively topping up their discretionary grants budget - income is comprised of two parts:
- the standard 10p per ticket contribution
 - players who do not select a specific 'good cause' leaving it with the Council to determine how their 50p contribution is allocated.
- 2.6 Aylesbury use an External Licensed Manager (ELM) Gatherwell Ltd. Gatherwell Ltd also manage the lottery as ELM for the other councils who operate a lottery. There is no other payment to the ELM save for the 20% referred to previously.
- 2.7 Aylesbury's five year business plan is calculated on their player population figures (144,200 aged 16years+) and in year three has achieved their year three target of 2% penetration level of players.
- 2.8 West Berkshire has a player population of 125,226 which has been used to project income figures in the draft business plan below, in line with Aylesbury Vale this assumes a target of a 3% player population in 5 years.
- 2.9 The plan shows a projection of income WBC can expect to receive on the basis of 10p in £ return. Additional income from players not selecting a specific 'good cause' choosing the Community Fund instead is not shown separately, but is estimated by Aylesbury to equate on average to 30% of the overall 'good cause' income.

Year	Ticket Price £	% of WB Player Pop.	Number of Players	Tickets bought per week	Number of weeks	Gross Return	WB share (10%)	Good Causes (50%)	Prizes (20%)	ELM (17%)	VAT (3%)
1	1	1.00%	1256	1	52	65289	6529	32645	13058	11099	1959
2	1	1.50%	1883	1	52	97934	9793	48967	19587	16649	2938
3	1	2.00%	2511	1	52	130578	13058	65289	26116	22198	3917
4	1	2.50%	3139	1	52	163223	16322	81611	32645	27748	4897
5	1	3.00%	3767	1	52	195867	19587	97934	39173	33297	5876

- 2.10 Marketing is an essential part of success and there is a clear correlation between marketing campaigns and increased ticket sales. Aylesbury's marketing budget comes from their discretionary grants fund on the basis the resulting activity more than compensates for the expenditure.
- 2.11 Two named Responsible Representatives are required for the Lottery licence. The Head of Commissioning and Commissioning Service Manager are proposed take on these roles which are required only to be at a management level. Their function will be to review applications on a periodic basis of organisations wishing to be

included as a 'good cause' and act as the link with Gatherwell Ltd who manage everything else.

- 2.12 The Council no longer has a discretionary grants budget so an alternative method of distributing the funds will need to be identified. As an arrangement that is already in place and functioning well, it is proposed the Community Solutions Panel should have its terms of reference expanded to include the award of lottery funding against a set of criteria to be agreed as part of the implementation plan.

3. Recommendations

- 3.1 To secure the services of Aylesbury Vale Lottery Implementation Service on the basis of their established track record of providing support to a number of other Councils and a good success rate.
- 3.2 The Commissioning Service lead on behalf of WBC on contractual arrangements, progressing the implementation project plan and taking responsibility for the ongoing operation of the Lottery once it is set up. Timescales will be agreed once formal approval has been secured.
- 3.3 The Head of Commissioning and Service Manager for Commissioning to be the named as Responsible Representatives for the purposes of the Lottery Licence.
- 3.4 One off budget requirements as set out below to come from Transformational Funding. Ongoing cost as set out below to come from the income to the Council from the sales of tickets.
- Aylesbury Vale Council one-off charge of £10k for the provision of a Lottery Implementation Service
 - One off cost of £3k for the operating platform.
 - Ongoing costs of the licence £600-£900 p.a.
 - Ongoing costs of officer time to act as Responsible Representatives and manage the Councils functions in relation to the ELM calculated at one day per month £4k.
 - Marketing support in line with Aylesbury Vale estimate of £4k - £5k p.a.
- 3.5 Terms of Reference for the Community Solutions Panel to be amended to incorporate the allocation of lottery income subject to the agreement of an appropriate set of criteria as part of the implementation.

4. Conclusion

- 4.1 On the basis of a broad range of benefits for both the Council and wider community the Executive is asked to approve the progression of the implementation of a local lottery using the Aylesbury Vale model.
- 4.2 Information provided by Aylesbury in a draft business plan for WBC demonstrate potential for generating significant income to support local discretionary services and therefore should be taken forward through the actions set out in this report.

5. Consultation and Engagement

Leigh Hogan – Legal Services Manager
Sarah Clarke – Interim Head of Legal Services

Subject to Call-In:

Yes: No:

- The item is due to be referred to Council for final approval
- Delays in implementation could have serious financial implications for the Council
- Delays in implementation could compromise the Council's position
- Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only

Strategic Aims and Priorities Supported:

The proposals will help achieve the following Council Strategy aim:

X SLE – A stronger local economy

The proposals contained in this report will help to achieve the following Council Strategy priority:

x HQL1 – Support communities to do more to help themselves

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Appendix C

Aylesbury Vale District Council has already established a local authority lottery generating new revenue income directly for community groups and good causes benefitting the residents of their district and raising funding to substitute the threatened grants funding.

This proposal sets out what the team at Aylesbury would do to replicate and establish a lottery for A.N.Other local authority.

Proposal:

The implementation process is supported by a comprehensive project plan delivered by project managers from AVDC.

This sets out to cover five key areas:

- Member and Officer on-boarding
- Delivery of your Business Case and Business Plan
- Delivery of a Cabinet/Council report to secure authorisation
- Completion of your licence application
- Good cause on-boarding and launch of ticket sales.

In greater detail;

- **Member and Officer on-boarding**

The Member and Officer on-boarding involves up to 2 briefing meetings to set out how the scheme works, secure the relevant data to support your business plan and identify appropriate officers to hold the licence and take responsibility for the ongoing operation of the scheme.

Additionally we would introduce the External Lottery Managers (ELM) and answer questions around procurement etc.

- **Delivery of your Business Case and Business Plan**

The production of your Business Case and subsequent Business Plan will require meeting with appropriate officers to secure relevant data including population data and agreeing ticket income breakdown with the operator.

- **Delivery of a Cabinet and Council report**

The project managers would prepare your authorisation report and attend Cabinet and Council to support the presentation as necessary.

- **Completion of your licence application**

Appropriate policies to support your licence application would be provided and the project managers would take you through the licence application.

- **Good cause on-boarding and launch of ticket sales**

The project managers would produce a marketing plan with you to address the on-boarding of good causes and thereafter working with the External Lottery Manager to promote and launch the scheme.

Time:

It is estimated the above will take up to 10 days project management time over 2 – 3 months. Up to 5 days would be on site at your offices with the remaining work offsite.

Cost:

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There is a fixed fee of £10k to include expenses.

The cost of the operating platform from the ELM is currently £3k. You will have a legal contract with them.

Additionally you will incur cost of the licence and should allow £600 - 900 per annum