



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	The East Staffordshire Community Lottery – First Year Update	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Corporate Management Team 18 th September 2024	X
	Pre Cabinet 26 th September 2024	X
	Leader's / Leader of the Opposition's Advisory Group 3 rd & 9 th October 2024	X
	Cabinet 21 st October 2024 / Council [DATE]	
	Audit Committee [DATE] / Scrutiny Regeneration, Development and Market Hall Committee [DATE] / Scrutiny Health and Well Being Committee [DATE] / Scrutiny Climate Change and Environment Committee / Scrutiny Value for Money Council Committee [DATE]	



<p>Is this an Executive Decision:</p>	<p>NO</p>	<p>Is this a Key Decision:</p>	<p>NO</p>
<p>Is this in the Forward Plan:</p>	<p>YES</p>	<p>Does this report contain Confidential or Exempt Information:</p> <p>If the report Contains Confidential Information, please provide reason.</p> <p>If the report contains Exempt Information, please state relevant paragraph from Schedule 12A LGA 1972:</p>	<p>NO</p> <p>[]</p> <p>[]</p>

Essential Signatories:

ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE

Monitoring Officer: **John Teasdale**

Date Signature



Chief Finance Officer: **Lloyd Haynes**

Date Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Cabinet

Date: 21st October 2024

REPORT TITLE: The East Staffordshire Community Lottery – First Year Update

PORTFOLIO: Communities and Regulatory Services

CHIEF OFFICER: Mark Rizk

CONTACT OFFICER: Sara Botham Ext. No. x1038

WARD(S) AFFECTED: ALL

1. Purpose of the Report

- 1.1. During the summer of 2023, the Council established a Community Lottery aimed at supporting community and voluntary organisations within the Borough to provide a free fundraising platform to enable them to acquire funds to develop and deliver much needed projects and services. To mark the first full year of operation, this report will provide an update on how the Community Lottery is performing.

2. Executive Summary

- 2.1. The East Staffordshire Community Lottery has had a successful first year of operation in providing an additional fundraising source for our local community and voluntary sector. Opportunities to further support the Community Lottery and expand the Council's grant support for the grassroots community organisations are detailed in this report.

3. Background

- 3.1. In November 2022 the Council made the decision to establish a Community Lottery to support the fundraising efforts of local community groups and voluntary organisations. East Staffordshire Borough Council joined over 120 Councils and Community and Voluntary Service (CVS) organisations who

already had a local community lottery or were in the process of starting one. Gatherwell Ltd, the sole operator of Council Lotteries, were appointed as the External Lottery Manager (ELM) to manage the Lottery on the Council's behalf.

- 3.2. In summary, a Community Lottery provides a way for local residents to “give back” to their communities through incentivised giving with opportunities available for local groups (referred to as ‘good causes’ for the purposes of the lottery) to promote locally as their fundraising mechanism.
- 3.3. Tickets for the lottery are purchased online through our standalone website <https://www.eaststaffordshirecommunitylottery.co.uk/> (managed by Gatherwell) and cost £1 each. Proceeds of each ticket sale are split as follows:

Local good causes	£0.60
Prizes	£0.20
External Lottery Manager	£0.17
VAT	£0.03
Total	£1.00

- 3.4. When buying their tickets lottery players can decide whether the whole £0.60 goes to a central ‘good causes’ fund, the East Staffordshire Community Fund, managed by the Council or; £0.50 goes to a nominated ‘good cause’ register with the lottery and selected by the player with the remaining £0.10 allocated to the central community fund.
- 3.5. The Council nor any of the registered causes bear any risk to cover prize winnings. Insurance is provided by Gatherwell as the ELM covers all prizes and the risk of ticket sales not being sufficient to cover prize ‘pay outs’ lies with the ELM not the Council. However, there are a number of requirements that the Council has to comply with as described below:
- 3.5.1. The Council is required to obtain and maintain a Gambling Commission remote lottery licence which is renewed annually. There is a requirement to have two named licence holders who are ultimately responsible for managing the licence and ensuring that the quarterly lottery returns are submitted to the Gambling Commission.
- 3.5.2. From the outset a dedicated officer had to be identified to support both the set up and ongoing activities associated with the lottery.
- 3.5.3. It is the Council's responsibility to approve the 'good causes' who wish to register with the lottery. Checks are carried out to ensure that organisations qualify for the lottery via the criteria supplied by Gatherwell.
- 3.5.4. On a monthly basis the Council approves the ‘good cause’ payments ensuring that organisations are able to receive a regular monthly payment of their funds raised.

3.5.5. The Council supports the promotion and marketing of the lottery. Marketing materials are provided by Gatherwell and these are available for 'good causes' to download and personalise to use for promoting the lottery to their supporters. Ultimately the ongoing marketing linked to encouraging supporters to purchase tickets will be the responsibility of local community and voluntary organisations with the Council using its own social media channels to promote the lottery as a fundraising platform for 'good causes'.

4. Contribution to Corporate Priorities

4.1 Standing up for our communities.

4.1.1 COM01 Enhancing our communities: Update on the first year of the Community Lottery.

5. The East Staffordshire Community Lottery: Year 1 review

5.1. This report is split into two parts. The first provides an overview of the performance of the Community Lottery as a whole including feedback from participating 'good causes' and comparative data from other community lotteries. The second part reviews the performance of the Council managed Community Fund which receives a proportion of the proceeds from ticket sales.

6. Part One: Review of Lottery Performance for Year 1

6.1 The Council held a 'good cause' launch on 8th June 2023 and our first lottery draw was on the 22nd July 2023. In line with the conditions of our contract and incentive offer with Gatherwell there was a target of 50 good causes registered by the time of the first draw. This target was achieved, with 54 good causes registered. A further 5 'good causes' joined the lottery in the weeks that followed taking the current total to 59. Appendix 1 includes the full list of 'good causes' signed up at the time of writing.

6.2 There are a range of community groups and voluntary organisations from across the Borough utilising the Community Lottery as a fundraising platform. The table below summarises the types of organisations that are currently benefiting from our community lottery.

Sports teams and groups	5
Children's, family & youth groups	4
Uniformed youth organisations	4
Community buildings	11
PTFAs and school associations	5
Heritage organisations	2
Environmental groups	7
Performing Arts groups	4
Community support groups and organisations	16

Animals and wildlife	1
Total	59

Table 1: Split of registered 'good causes' by type/activity

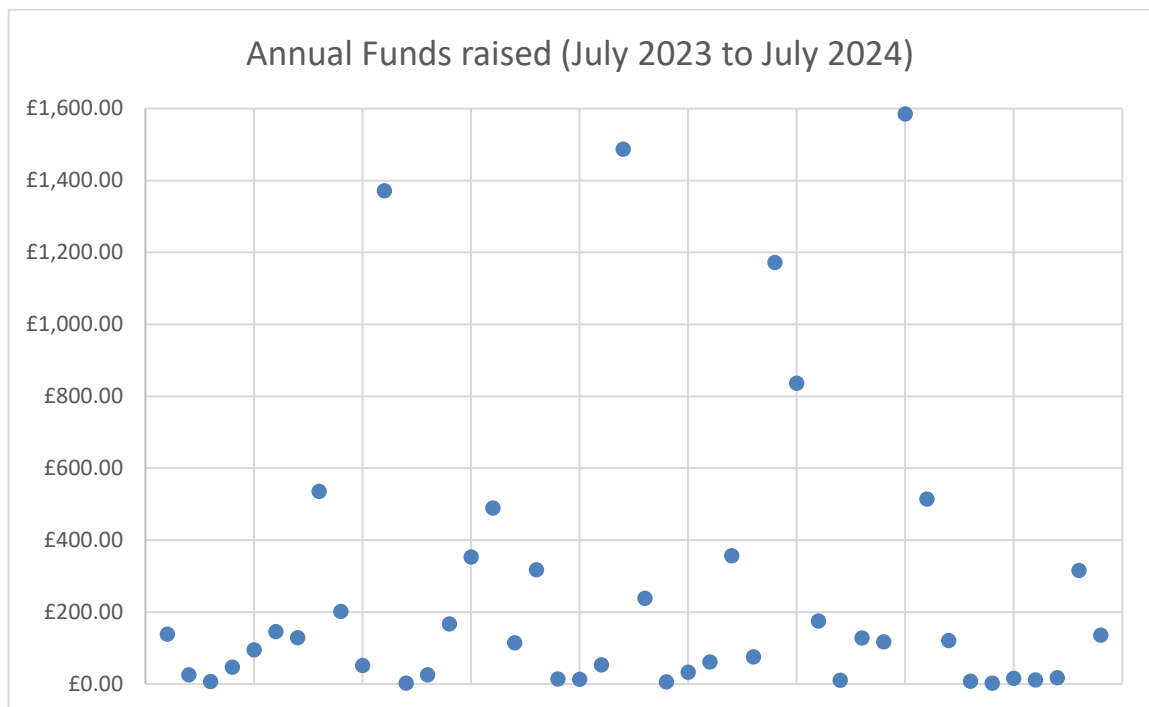
- 6.3 A small number of groups and organisations expressed an interest in joining the lottery but either have incomplete registrations (1), withdrew their registration (6) or were refused because they did not meet the eligibility requirements (2). Follow up contact was made with those organisations who withdrew their registrations and of those that responded the majority thought that they were unlikely to get their supporters to purchase tickets and so were unsure what benefit there would be in signing up. In some cases 'good causes' were put off by the having to commit to selling 20 tickets which is a Gatherwell clause in the registration process. However it has been confirmed to the Council that there are no penalties to 'good causes' who don't achieve this, it is simply set as a goal and not a formal commitment.
- 6.4 In the first 12 months of operation the Community Lottery has raised a total of £14,086.80 through 23,478 ticket sales from 377 players. These funds raised are directly benefiting grassroots community groups and organisations in the Borough. 'Good causes' receive a monthly payment based on the funds raised through ticket sales for their good cause and therefore there is an immediate, regular return of funds raised for them. Appendix 2 includes the full list of 'good causes' and their performance over the first 12 months of the lottery.
- 6.5 Table 2 below summarises the headline 'good cause' statistics from the first year of the Community Lottery and will provide a good baseline to measure future performance.

Good cause stats for year 1 of operation	
Total number of 'good causes' registered with the lottery	59
Number of 'good causes' with regular/continuous ticket sales	31
Number of 'good causes' with infrequent supporters (≤ 5) and tickets purchased	13
Number of 'good causes' with no supporters and ticket sales	15
Highest funds raised	£1,584.50
Lowest funds raised (ex. 'good causes' with no ticket sales)	£2.50

Table 2: Summary of 'good cause' recruitment and performance during the first year of operation

- 6.6 31 'good causes' (including the Community Fund) use the lottery as a continuous fundraising mechanism with tickets being purchased regularly in support of their causes enabling funds to be drawn down monthly. There are three good causes who have raised in excess of £1,000.00: The Mellow Dramatics (£1,584.50); The Little Theatre Company (£1,486.50); and Burton Musical Theatre Company (£1,371.00).

- 6.7 15 registered causes have never had any tickets purchased that directly support their organisation and so have not raised any funds in the first year of operation.
- 6.8 Of the 13 remaining 'good causes', the majority achieved a small number of ticket sales from a small number of supporters (≤ 5) in the first few months following the launch of the lottery, however this low level of support has not been sustained.
- 6.9 Drilling down into the data it is clear that there are big differences between how organisations are benefiting financially from the community lottery as illustrated in the range of funds raised during the first year in Figure 1 below.



to grow and generate more funds for the local community and voluntary sector. To support this a marketing plan has been developed (Appendix 2).

6.13 Linked to this, it is recognised that ongoing engagement with our existing ‘good causes’ is important. Throughout the past year, support has been offered to ‘good causes’ who haven’t yet sold any tickets to provide information and guidance about how they can promote their inclusion in the Community Lottery.

7. Feedback from Participants

7.1 As we approached the first anniversary of the Community Lottery a short survey was sent to registered ‘good causes’ in order to gain feedback about how they were using the Community Lottery to support their organisation. At the time of writing there have been limited responses but the survey remains open and any feedback received will continue to be reviewed and used to shape plans going forward.

7.2 However, some of the initial feedback received shows that organisations recognise the Community Lottery as a good opportunity to generate additional income and receive promotion and be part of a shared activity with other community groups. With a small, regular additional income one group, for example, is able to subsidise the costs of a monthly community activity for residents. Other feedback reflected that it was well worth the effort for ‘good causes’ even if you only purchase a couple of tickets per month.

7.3 In terms of the sales of tickets, comments were made that as there wasn’t an option to physically purchase tickets (ticket sales are managed online) some people aren’t able to participate even if they wish to. Another organisation commented that even though they don’t wish to promote the sale of tickets to their service users they and volunteers running the group do contribute as they understand that the intention of the lottery is a good one.

8. Comparative Performance to Other Community Lotteries

8.1 To provide some context, Gatherwell have provided some anonymised data relating to the performance of similar sized lotteries which are geographically close to us. Data available from two other lotteries that have been in operation for the same period of time have recorded annual funds raised of £9k and £21k respectively. The East Staffordshire Lottery, with annual funds raised in its first year of £14k, therefore compares favourably.

8.2 For a comparison of ‘good cause’ recruitment, information has been gathered from some of our fellow Staffordshire based community lottery websites.

Lottery	Year established	Number of ‘good causes’
East Staffordshire Community Lottery	2023	59*

South Staffordshire Community Lottery	2017	87
Staffs Moorlands Community Lottery	2023	70
Lichfield Community Lottery	2021	70
Lyme Lottery	2017	69
Potto Lotto (Stoke)	2018	86

Table 3 – Community Lottery Comparators

*On the East Staffordshire Community Lottery website the total number of 'good causes' now stands at 61. Two new 'good causes' registered at the end of July but these fell into year 2 of the lottery and so haven't been included in the Year 1 review.

9. Part Two: Performance of the East Staffordshire Community Fund

- 9.1 An important part of all Community Lotteries is the Central Good Causes Fund, which is managed by the Council as the lottery operator. Funds raised through this either come from direct ticket sales from players who select this as their chosen good cause or the £0.10 contribution from all ticket sales made through the lottery.
- 9.2 During the first year of operation this Central Fund has raised £2,795.70 with £423.60 of that being raised through direct ticket sales.
- 9.3 At the time of the launch of the lottery it was agreed that we would allow the Central Community Fund to grow and review after the first year before making a decision about how the funds raised would be used.
- 9.4 It is important to note that these are unrestricted funds and do not come with any eligibility requirements attached. As the responsibility for the management of this fund rests with the Council it falls to ESBC to determine how to make best use of the funds raised and as a condition of our Gambling Licence we must provide details to the public about how these funds will eventually be used.
- 9.5 Three options have been identified for how these funds will be used:
- 9.5.1 Use the fund as an incentive to encourage good causes to register to join the lottery. There are examples of other lotteries using the funds in this way: initiate an annual prize draw for newly registered good causes to be entered into; or for existing good causes to recommend a 'friend' (another good cause) to join the lottery.
- 9.5.2 A bi-annual grant funding draw which all registered good causes with active ticket sales would be entered into to win a share (to be determined) of the funds.
- 9.5.3 Create an additional small grant programme that would provide an alternative funding source for community groups and organisations to complement the Council's existing grant schemes. A small grant or emergency grant (≤£500.00) that could be used to support short term

running costs of an organisation. We know from conversations with community and voluntary groups in the Borough that there is a need for this kind of support which can't be met through our existing grant schemes. This would operate in a similar way to the Covid-19 Community Support Funding stream that operated during the pandemic and saw a relaxation of some of the main Councillor Community Fund (CCF) grant criteria. This would make full use of the unrestricted nature of the funds raised through the community lottery.

- 9.6 Each of the options has the added advantage of promoting and celebrating the success of the community lottery. It is recommended that 8.7.3 be adopted as the approach for distributing the funds raised through the Community Fund. This could utilise the existing mechanisms for allocating funds and add an additional level of grant support to the Council's grant programmes for the community and voluntary sector. In order to allow the Community Fund to grow it is recommended the funds raised through the Central Community Fund be accrued and ring-fenced for future use. In July 2025, at the end of the 2nd year of operation, available funds will be reviewed to determine the timescales for any launch of a new funding strand.

10. Summary

- 10.1 In summary the Community Lottery has provided a useful fundraising platform for a wide range of groups and organisations in East Staffordshire's community and voluntary sector. It continues and strengthens the existing work of the Council in supporting the sector and adds an alternative Council managed funding mechanism enabling organisations to take control of their own fundraising.
- 10.2 There are factors that are beyond our control that will impact on the performance of the lottery including the ability of good causes to encourage their supporters to purchase tickets. However, a positive message to take back to the sector to promote the lottery is that even a small number of ticket sales throughout the year can make a big difference particularly to smaller community groups.
- 10.3 As outlined our role in the years to follow is to continue to engage with good causes to encourage participation in the lottery. It will be important to implement a marketing strategy which will support this engagement work and identify wider opportunities.

11. Financial Consideration

- 11.1 *This section has been approved by the following member of the Financial Management Unit: PB/AB/ Daniel Binks*
- 11.2 The main financial issues arising from this Report are as follows:

- 11.3 The Council currently incurs the costs of the annual Gambling Commission licence fee and the Lotteries Council membership fee. There is no existing budget for this but it has now been clarified that these costs can be funded from the East Staffordshire Community Fund element managed by the Council, and therefore the recommendations ask that part of the funding is utilised for this purpose.

Revenue	2024/25	2025/26	2026/27
Annual Gambling Commission licence fee	£400.00	£400.00	£400.00
Lotteries Council Membership fee	£385.00	£385.00	£385.00
Total	£785.00	£785.00	£785.00

12. Risk Assessment and Management

- 12.1 The main risks to this Report and the Council achieving its objectives are as follows:

12.2 Positive (Opportunities/Benefits):

- 11.2.1 A positive fundraising opportunity for East Staffordshire’s Community and Voluntary sector.
 11.2.2 Supports the Council’s existing work and engagement with the sector
 11.2.3 An additional grant giving mechanism that fits alongside the Council’s existing community grant programmes.

12.3 Negative (Threats):

- 11.3.1 Officer time. The setting up of the community lottery took considerable officer resources and whilst this has reduced there is still a risk that capacity and time restraints could be detrimental.
 11.3.2 Factors out of control influencing the buy-in of good causes and supporters to purchase tickets which will impact on the ongoing performance of the lottery.

- 12.4 The risks do not need to be entered in the Risk Register. Any financial implications to mitigate against these risks are considered above.

13. Legal Considerations

- 13.1 *This section has been approved by the following member of the Legal Team: Glen McCusker – Locum Solicitor and Deputy Monitoring Officer.*

- 13.2 The legal issues arising from this Report are:

- 13.3 Section 1 of the Localism Act 2011 provides a general power of competence for local authorities. It gives local authorities the same power to act that an individual generally has and provides that power may be used in innovative ways, such as setting up a community lottery.

- 13.4 Legal Services provided advice on the terms of the Contract with the external lottery managers, Gatherwell Limited, and completed the Agreement on 21st December 2022.
- 13.5 The initial term was for a period of 1 year, but the Contract continues on a rolling basis, unless it is terminated by either party giving at least 6 month's notice.
- 13.6 As mentioned above, the Council is required to obtain a lottery licence each year from the Gambling Commission to run the lottery.

14. Equalities and Health

- 14.1 **Equality impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.
- 14.2 **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

15. Data Protection Implications – Data Protection Impact Assessment (DPIA)

- 15.1 A DPIA must be completed where there are plans to:
- use systematic and extensive profiling with significant effects;
 - process special category or criminal offence data on a large scale; or
 - systematically monitor publicly accessible places on a large scale
 - use new technologies;
 - use profiling or special category data to decide on access to services;
 - profile individuals on a large scale;
 - process biometric data;
 - process genetic data;
 - match data or combine datasets from different sources;
 - collect personal data from a source other than the individual without providing them with a privacy notice ('invisible processing');
 - track individuals' location or behaviour;
 - profile children or target marketing or online services at them; or
 - process data that might endanger the individual's physical health or safety in the event of a security breach.
- 15.2 Following consideration of the above, there are no Data Protection implications arising from this report which would require a DPIA.

16. Human Rights

- 16.1 There are no Human Rights issues arising from this Report.

17. Environmental Impacts

- 17.1 Consider impacts related to the Climate Change & Nature Strategy aims:
- Reducing greenhouse gas emissions (climate change mitigation)
 - Preparing for future climate change (adaptation)
 - Protecting and enhancing nature
 - Using resources wisely and minimising waste and pollution
- 17.2 Does the proposal have any positive or negative environmental impacts? No

18. Recommendation(s)

- 18.1 To note the report and performance of the first year of the East Staffordshire Community Lottery.
- 18.2 To confirm the continuation of the Community Lottery.
- 18.3 To agree the implementation of the marketing plan.
- 18.4 To agree to accrue funds raised through the Central Community Fund in order to build a small grants programme which will provide the mechanism for distributing funds raised through this fund from lottery ticket sales, alongside utilising this funding to support the costs of the annual Gambling Commission licence fee and the Lotteries Council membership fee that the Council incurs.

19. Background Papers

- 19.1 None.

20. Appendices

- 20.1 Appendix 1: 'Good cause' performance.
- 20.2 Appendix 2: Community Lottery marketing and communications plan.