

# TONBRIDGE & MALLING BOROUGH COUNCIL

## CABINET

29 June 2016

### Report of the Director of Central Services and Monitoring Officer

#### Part 1- Public

#### Executive Non Key Decisions

#### 1 HIVE LOTTO

##### 1.1 Introduction

1.1.1 On 22 March 2016 Members approved the launch of an online lottery for Tonbridge and Malling to provide discretionary support to local voluntary and community groups.

1.1.2 This report updates Members on progress made with the lottery and proposes some minor amendments to the criteria for acceptance of good causes.

##### 1.2 Structure of lottery

1.2.1 For the assistance of Members, a reminder as to the structure of the lottery is set out below.

- Ticket price - £1 per week, Participants are able to sign up online or via mobile
- Draw frequency – once per week (Saturday)
- Players can choose to buy a ticket to support a specific good cause (50% to the ticket price to the chosen good cause and 18% to central fund administered by Council) or purchase directly without specifying a good cause (68% of ticket price to central fund)
- Good causes can apply to join the lottery via the website. The process has been designed to be as simple as possible. All such applicants will need to be approved by the Council before they are provided with their own branded page within the site. The cause keeps 50% of all ticket sales generated through their page, and paid their income automatically on a monthly basis. Good causes will be provided with marketing material to help promote/ grow the lottery. Any monies due under the central fund will be paid automatically to the Borough Council.

**Allocation of proceeds:** see table below

<b>Proceeds Apportionment</b>				
	<b>Specific Good Cause</b>		<b>Central Fund</b>	
	<i>% Allocation</i>	<i>£ Allocation per ticket</i>	<i>% Allocation</i>	<i>£ Allocation per ticket</i>
Specific Good Cause	50	£0.50	-	-
Prizes	20	£0.20	20	£0.20
Central Fund	18	£0.18	68	£0.68
External Lottery Provider	12	£0.12 (inc VAT)	12	£0.12 (inc VAT)
<b>Totals</b>	<b>100</b>	<b>£1.00</b>	<b>100</b>	<b>£1.00</b>

### **Number selection and prize structure**

1.2.2 Players will be provided with a unique 6 number entry into the lottery. To win the jackpot the ticket must match these 6 numbers. Multiple tickets are able to be purchased, with each ticket having a unique set of 6 numbers. Each player is also entered into a free bonus draw for a guaranteed £1000 prize, and 'Bolt on' prizes are also possible. The jackpot and the second prize of £1000 are insured prizes, with the External Lottery Manager responsible for meeting other prizes. It is a guaranteed pay out of £25,000 per jackpot, plus £25,000 to the good cause supplying the winner.

<b>Number Selection and Prize Structure</b>		
	<i>Winning Odds</i>	<i>£ Prize</i>
6 numbers	1:1,000,000	£25,000 (plus £25,000 to good cause supplying the winner)
5 numbers	1:18,220	£1,000
4 numbers	1:823	£100
3 numbers	1:69	3 free plays

1.2.3 The central fund will be administered by the Borough Council. The fund will be used in the first instance to support existing commitments to voluntary sector bodies and community organisations, thus ensuring that all of the proceeds go to good causes within the Borough.

### 1.3 Update on progress

#### **Gambling Commission licence**

- 1.3.1 An application has been made to the Gambling Commission for a licence to permit the Council to operate a remote lottery. At the time of preparing the report we are waiting to receive confirmation from the Commission that the licence has been granted although a decision is expected imminently. Members will be updated on progress with this application at the meeting.
- 1.3.2 As part of the application process, we have been required to also make what is known as an 'Annex A' personal declaration. This is required when an individual within the organisation applying for the operator's licence holds one or more 'qualifying positions' e.g. overall strategy and delivery of gambling, regulatory compliance. In this case that individual is the Director of Central Services so a further application has been made to the Gambling Commission. We are again waiting to receive confirmation from the Gambling Commission that the application has been granted.

#### **Branding**

- 1.3.3 The lottery will be launched under the brand 'Hive Lotto' and we will operate from the website [www.hivelotto.com](http://www.hivelotto.com).
- 1.3.4 Social media accounts for the lottery have been set up as follows –
- Twitter - <https://twitter.com/HiveLotto>
- Facebook – <https://www.facebook.com/Hive-Lotto-1145916415466208/>
- Instagram - <https://www.instagram.com/hivelotto/>
- 1.3.5 These accounts are active and we shall be using them as part of our marketing strategy in the build-up to launch. Visitors to the website may already register their interest so that we are able to keep them up to date with progress.

#### **Criteria for acceptance of good causes**

- 1.3.6 We have reviewed our criteria previously approved by Cabinet on 22 March to ensure that as many good causes as possible are able to join the lottery. With this aim in mind we propose to make some minor changes to the criteria so as to be clear that educational establishments and uniform organisations e.g. scouts are able to join.
- 1.3.7 The amended criteria are set out at **Annex 1**.
- 1.3.8 Members have previously agreed that the Director of Central Services be authorised to approve or reject applications. No changes are proposed in respect of this authority.

## 1.4 **Responsible Gambling**

- 1.4.1 It is recognised that gambling can lead to a range of problems for a small minority of individuals and their families. Lotteries are a form of gambling and as such we are required to ensure that children and other vulnerable people are not exploited by the proposed lottery.
- 1.4.2 The minimum age for participation in a local authority lottery is 16 years of age. A person commits an offence if they invite or allow a child to enter such a lottery.
- 1.4.3 The Council must take all reasonable steps to ensure that information about how to gamble responsibly and how to access information and help in respect of problem gambling is readily available.
- 1.4.4 The Gambling Commission have set out specific social responsibility requirements in their licence conditions and codes of practice. These apply to the licence held by the Borough Council for the purposes of operating this lottery. The Director of Central Services has already undertaken Social Responsibility and Problem Gambling Awareness training with GamCare in order to ensure that we are able to meet our obligations under the conditions and codes of practice.
- 1.4.5 The Council has applied to join the Lotteries Council. Membership of the Council will include a payment to the Responsible Gambling Trust.

## 1.5 **Legal Implications**

- 1.5.1 None arising out of this report.

## 1.6 **Project launch**

- 1.6.1 It is proposed to launch the lottery during the first week of September 2016.

## 1.7 **Financial and Value for Money Considerations**

- 1.7.1 The costs of operating the lottery are set out below
- £10,000 initial payment to the External Lottery Manager for setting up the lottery, website design, branding support, digital strategy support and campaign management.
  - £3,000 marketing costs (estimated) for launch of lottery
  - £488 – cost of applying for operating licence from Gambling Commission
  - £244 – annual licensing fees payable to Gambling Commission
  - £350 – membership of the Lotteries Council

- Ongoing staff time in marketing the lottery and approving applications from community groups.

1.7.2 Income from the lottery will be distributed as set out in paragraph 1.2 above.

1.7.3 The lottery website is being designed so as to allow for secondary revenue income opportunities from advertising.

1.7.4 The Gambling Commission imposes a number of financial requirements for local authority lotteries. These include a requirement that accounting records must be kept for a minimum of 3 years and must be made available to the Commission on request.

## 1.8 Risk Assessment

1.8.1 The lottery will allow voluntary and community groups to raise funds for their causes. It will enable such groups to reduce/ eliminate the overheads associated with running a traditional lottery whilst at the same time receiving a guaranteed share of receipts from supporters who play the online lottery.

1.8.2 The financial risk to the Borough Council will be limited to the initial start-up costs, licence fees payable to the Gambling Commission plus the ongoing staffing costs of marketing and approving applications from voluntary and community groups.

1.8.3 The prize fund will be insured, with the premiums payable by the External Lottery Manager. There will therefore be no financial risk to the Borough Council in the event that a player is successful in winning the jackpot or any other of the prizes on offer.

## 1.9 Equality Impact Assessment

1.9.1 The lottery will deliver benefits to voluntary and community groups. As such, the scheme will provide a positive contribution to promoting equality.

## 1.10 Recommendation

1.10.1 It is **RECOMMENDED** that

(1) Members note the contents of the report;

(2) The amended criteria at **Annex 1** be approved for acceptance of good causes into the lottery.

Background papers:

Nil

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