

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

31 January 2017

Report of the Director of Central Services and Monitoring Officer

Part 1- Public

Executive Non Key Decisions

1 HIVE LOTTO –COMMERCIALISATION OF BRAND

1.1 Introduction

1.1.1 On 2 September 2016 the Council launched an online lottery for Tonbridge and Malling under the name of Hive Lotto to provide discretionary support to voluntary and community groups.

1.1.2 This report sets out a proposal for further growth of Hive Lotto, through the acceptance of other local authorities into the existing lottery.

1.2 Structure of lottery

1.2.1 For the assistance of Members, 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) with a bonus draw held once per month. The weekly jackpot prize is £25,000. If a player wins the monthly bonus draw prize of £25,000 then the good cause they support will also win £25,000
- 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 on a monthly basis. Any monies due under the central fund will be paid to the Borough Council.

1.3 **Update on progress**

- 1.3.1 In the 3 months since launch, we have approved and added over 30 new Members to the Hive Lotto website. A list of current members is attached at **Annex 1**.
- 1.3.2 We have reviewed our criteria previously approved by Cabinet on 29 June 2016 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 charities registered with the Charity Commission may be approved without meeting any additional entry requirements. The Charity Commission is responsible for ensuring that trustees of registered charities meet their legal requirements so it is unnecessary for the Borough Council to duplicate or impose additional requirements to those of the Commission before acceptance into the lottery as a good cause.
- 1.3.3 The amended criteria are set out at **Annex 2**.

1.4 **Growth of Hive Lotto**

- 1.4.1 We are aware that other local authorities are now actively looking to launch their own lotteries. In the 4 months since the launch of Hive Lotto a further 3 licences have been granted to local authorities, with 7 more applications pending. Whilst the number of local authority lotteries will no doubt continue to rise, we are in something of a unique position with 'Hive Lotto', in that its branding does not tie it to any specific geographical location. This provides a key point of difference from the other local authority lotteries that are currently active.
- 1.4.2 In light of the emerging market for local authority lotteries, and in response to a number of queries from other local authorities, further discussions have taken place with Capen (our external lottery manager) with a view to exploring the potential to commercialise the lottery so that other local authorities may operate under the 'Hive' brand. We believe that this will be attractive to other authorities, with a number of authorities expressing interest in the potential to share a platform for the purposes of fundraising for local good causes.
- 1.4.3 It is proposed that other local authorities would be invited to join Hive Lotto on payment of an initial fee and thereafter an annual maintenance fee. Such authorities would then be provided with their own Hive Lotto 'local' website, featuring the good causes within their area. These causes would also be searchable on every other Hive Lotto site, meaning that people would be able to support local causes wherever they live. As with the existing good causes within Hive Lotto, any new good causes would also receive 50p from every £1 ticket purchased by one of their supporters.
- 1.4.4 It is proposed that Tonbridge and Malling Borough Council would continue to be the licensed operator for Hive Lotto, thus relieving joining authorities of the costs of applying for their own licence and joining the Lotteries Council. The Borough

Council would therefore remain responsible for approval of any new good causes wishing to join Hive Lotto, together with regulatory compliance with the terms of the operating licence and the Licensing Conditions and Codes of Practice issued under the Gambling Act 2005.

- 1.4.5 The proposed terms for other local authorities to join Hive Lotto are set out at **Annex 3**. For reasons of commercial confidentiality, Annex 3 is restricted.

1.5 **Legal Implications**

- 1.5.1 In accordance with s137(3) of the Local Government Act 1972, a local authority may incur expenditure of contributions to the funds of any charitable body in furtherance of their work in the United Kingdom.
- 1.5.2 We are not aware of any express or implied geographic restriction on where good causes may operate in order to receive funds through a lottery operated by a local authority whether under the Gambling Act 2005 or other legislation. There is therefore no statutory restriction which limits contributions by the Borough Council to charities operating within our administrative boundaries.
- 1.5.3 If Members are minded to support the proposal to expand Hive Lotto as set out in this report then further discussions will take place with the Gambling Commission to ensure that they are kept informed as to progress.
- 1.5.4 Members are advised that the name 'Hive Lotto' and the 'Hive' logo have both been registered as trademarks of Tonbridge & Malling Borough Council.

1.6 **Financial and Value for Money Considerations**

- 1.6.1 The proposed terms for other local authorities to join Hive Lotto are set out at **Annex 3**.
- 1.6.2 The lottery website has been designed so as to allow for secondary revenue income opportunities from advertising.

1.7 **Risk Assessment**

- 1.7.1 The lottery allows voluntary and community groups to raise funds for their causes. It enables 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.
- 1.7.2 The financial risk to the Borough Council is limited to the licence fees payable to the Gambling Commission (currently £244 pa) & the Lotteries Council (currently £350 pa) plus the ongoing staffing costs of administering the lottery. The fee payable to the Lotteries Council will remain the same regardless of whether any other authorities join Hive Lotto. The annual fee payable to the Gambling Commission would only increase (to £325 pa) in the event that the annual proceeds of the lottery exceeded £500,000.

1.7.3 The prize fund is insured, with the premiums payable by the External Lottery Manager. There is therefore 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.

1.7.4 The Borough Council would remain the licensed operator for the lottery, with responsibility for approving new good causes and for regulatory compliance with the terms of the operating licence and the Licensing Conditions/ Codes of Practice.

1.8 **Equality Impact Assessment**

1.8.1 The lottery delivers benefits to voluntary and community groups. As such, the scheme provides a positive contribution to promoting equality.

1.9 **Recommendation**

1.9.1 It is **RECOMMENDED** that

- (1) The amended criteria at **Annex 2** be approved for acceptance of good causes into the lottery;
- (2) The Director of Central Services be authorised to negotiate and agree detailed terms with interested local authorities to join Hive Lotto;
- (3) The Director of Central Services be authorised to complete all necessary legal documentation to give effect to the recommendation set out at 2 above.

Background papers:

Nil

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