

**Housing and Communities Overview and Scrutiny Panel – 19
March 2025**

Community Lottery scheme

Purpose	For review and recommendation
Classification	Public
Executive Summary	<p>The Council’s Corporate Plan prioritises the delivery of an annual Community Grants scheme to support organisations delivering wide-ranging services to different communities and to meet the needs of vulnerable residents in the district through the award of discretionary revenue and capital grants to support organisations which meet the Council’s objectives.</p> <p>This report details the additional consideration of adopting a community lottery scheme to provide further funding opportunities and support to local organisations, including how this could be successfully operated and the short and longer-term implications for the Council.</p>
Recommendations	<p>Part A</p> <p>That the Panel:</p> <ol style="list-style-type: none"> 1. Consider the proposal of adopting a Community Lottery scheme to provide additional financial support to local organisations and make a recommendation to Cabinet. <p>If Part A supported:</p> <p>Part B</p> <ol style="list-style-type: none"> 1. To request officers approach an External Lottery Manager (ELM) to run the operational side of the lottery; 2. To recommend the criteria for which good causes should participate in the lottery, as detailed in sections 6 to 9; 3. To recommend the set-up costs of £5,200; 4. To support the Chief Executive and S151 Officer as licence holders for the

	lottery and to approve appropriate policies and procedures
Reasons for recommendation	To consider the adoption of a Community Lottery scheme to provide additional financial opportunities and support to local organisations that directly support and benefit our local residents and communities.
Wards	All
Portfolio Holder	Councillor Dan Poole – Community, Safety and Wellbeing
Strategic Director	Richard Knott – Strategic Director Housing and Communities
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Introduction and background

1. The report approved by Cabinet on 7 August 2024 recommended the Community Grants Task and Finish Group explore and consider how a Community Lottery funded scheme could run alongside the Community Grant programme to provide further funding opportunities and support to local organisations across the district. Subsequently, following Task and Finish Group and Housing and Communities Overview and Scrutiny Panel supporting the recommendation, on 5 February 2025 Cabinet approved for a more detailed report regarding a Community Lottery to be produced.
2. The purpose of this report is to consider how a Community Lottery scheme which, if adopted, could be successfully run alongside the existing Community Grants programme to provide additional financial support to a greater number of local organisations and groups.
3. Since 2015 around 120 Councils have set up a Community Lottery to provide a valuable income stream for local voluntary and community organisations. These are administered by an External Lottery Manager (ELM) who undertake the day-to-day operations and administration of the lottery.
4. The Community Grants Task and Finish Group received a detailed presentation from an ELM, Gatherwell Ltd., including a question and

answer session, explaining how a community lottery scheme could operate. Gatherwell Ltd. are regulated by the Gambling Commission and operate regulated Community Lottery schemes in over 120 local authorities across the country, including several in Hampshire, which “support good causes raising money in the community”.

5. A Community Lottery is primarily a fundraising platform for local good causes and would provide support to many organisations, where there is a high demand for grants throughout the sector and often these groups do not have the resources and infrastructure to operate their own lottery. Some organisations only require small levels of funding, excluding them from our Community Grants scheme where the minimum amount is £3,000, and the need maybe temporary, for example a specific project. Residents who participate in a community lottery can choose which organisation(s) to support, knowing they can provide direct financial support to them.

Eligibility Criteria

6. The Community Lottery enables local organisations and charities (good causes), to ‘sign-up’ to take part in the lottery with revenue from ticket sales going directly to the good cause selected by the purchaser. There is no cost to the good cause for joining the lottery and they can be raising money within a few days once their application is accepted.
7. The Council would need to define eligibility criteria against which applications for good causes wishing to join the lottery would be assessed and accepted. Similarly to the Community Grant scheme, it is proposed that applications must be either:
 - a registered charity or voluntary group, with a board of trustees, or
 - a not-for-profit constituted group with a volunteer management committee with a minimum of three unrelated members that meets on a regular basis (at least three times per year) or.
 - a registered Community Interest Company (CIC) or Charitable Incorporated organisation (CIO).
8. It is proposed that good causes wishing to join the lottery should:
 - Be located within the district and actively provide services or activities that directly benefit residents
 - Be independently established for charitable, benevolent, or philanthropic purposes
 - Have a constitution or set of rules setting out its aims and

objectives

- Place no undue restrictions on membership
- Have appropriate policies in place, for example if working with children or vulnerable adults
- Have a minimum level of financial reserves in place

9. Furthermore, it is proposed that we should NOT accept applications from any organisations that:

- Does not provide services within the boundaries of the district
- Have no established management committee or board of trustees
- Aim to make and distribute a profit
- Promote particular political or religious beliefs
- Are from private organisations or individuals
- Submit an incomplete application

10. Applications will be online with decisions delegated to nominated Officers. Successful applications will need to provide the relevant information and agree certain principles, such as proceeds must be spent to directly benefits residents, notify the Council of any changes, for example if disbands, and to include the lottery logo on any communications.

11. The ELM will establish a website, which will include text and imagery all depicting the NFDC area and manage the publicity and recruitment of good causes. There are no upper limits to the number of good causes and the most successful lotteries support the largest number of causes. Once accepted into the scheme, local organisations are encouraged to market and actively promote the scheme within their community to increase their funding. The process for good causes to join the lottery is as follows:

The good cause visits the website and fundraisers section where they can find information and how to apply



The good cause applies to join using an easy to use online form



The application is considered by the Council and if eligible approves the application



The good cause is then live on the website and they can start to actively promote the lottery to their supporters



Every month the good cause will receive the raised funds paid directly to them, once approved by the Council

Scheme operation

12. Supporters can only purchase a ticket online, accessible by computer, mobile phone, or tablet, costing £1.00, with no tickets being sold in shops, offices or on the street. For individuals who are not comfortable or do not have access to online purchases there is a dedicated local phone number (provided by the ELM) to purchase tickets. Appendix 1 provides a summary of how a lottery scheme works. Ticket sales are administered by the ELM, as are all payments of prizes and distribution of proceeds to good causes. The allocation of the £1.00 ticket income is distributed as follows:
 - 50% to good causes,
 - 10% to a central fund held by the Council (optional)
 - 18.2% to prizes to supporters,
 - 18.2% for running costs incurred by the ELM
 - 3.6% VAT (which can be claimed back by the Council)
13. The percentage of ticket sales going to good causes is significantly higher than those lotteries offering larger jackpot prizes, for example the National Lottery is 28%.
14. The lottery is based on the Australian Super 66, a lottery that uses only numbers 0 to 9 which are randomly drawn by computer every Saturday. Supporters are able to choose 6 numbers, and to win a prize they must match both the numbers and sequence as drawn. This draw is approved by the Gambling Commission.
15. Weekly prizes range from three free tickets and £25.00, up to £25,000, with no risk to the Council to fund any of the prizes, no matter how many tickets are sold. The top prizes are covered by the ELM (External Lottery Manager) and is funded from the prize fund, which itself is funded by the ELM's share of the ticket sales. The Council is not exposed to prize fund risk due to the contract it will hold with the ELM. Supporters do have the option of donating their winnings to their chosen good cause (experience from other local authority lotteries has shown that approximately 10% of winners have donated their prize back to the good cause).

16. The table below details winning odds and their prizes:

Numbers matched	Winning Odds	Prize
6 numbers	1: 1,000,000	£25,000
5 numbers	1: 55,556	£2,000
4 numbers	1: 5,556	£250
3 numbers	1: 556	£25
2 numbers	1: 56	3 free tickets
Overall odds of winning a prize	1: 50	n/a

17. To help recruit new and retain current lottery players the ELM can provide seasonal prizes.

Administering a community lottery scheme

18. To set-up a community lottery scheme is likely to take around six months from the date of engagement to approval by the Gambling Commission. The lottery will require branding and a name, for example New Forest Community Lottery. The ELM oversees all aspects of the lottery, this includes:

- providing a bespoke website, which works across all devices, and is secure and with an assured 99% availability. This is regularly updated to maintain interest.
- a dedicated local telephone number and email address for support.
- providing professional marketing materials, which include artwork, magazine articles, etc, and social media campaign management.
- managing payments and administering winner and 'good cause' payment administration, and winner communications. Winners may choose to donate their winnings back and this is also handled by the ELM with minimum effort.
- having a client deposit account ensuring all supporters' money is safe, and there is no risk to the council to cover prize winnings.

19. Based on our adult population size and estimated participation of between 0.5% and 1.0% of the adult population participating, Gatherwell Ltd. predicts between approximately £34,000 to £67,000 could be raised annually to support local organisations, with

payments being made monthly to organisations by the ELM from a safe client deposit account.

20. The lottery may provide many benefits and selling points that resonate with participants, including:
- Delivering proceeds locally for the benefit of local good causes
 - Maximising benefits to the community with 60% of the proceeds being given to local good causes
 - Minimal costs to set-up and broadly self-financing
 - Positive public relations with a constant stream of opportunities for positive PR
 - Empowering good causes to raise their profile and raise money for themselves
 - Providing support to local organisations that support our corporate priorities, including vulnerable households and promoting health and wellbeing
 - Providing a more sustainable source of funding for local organisations in both the short term, and potential longer term following any uncertainty created by local government reorganisation
 - Promote the Council's perception with residents as an enabler

Community Lottery safeguards

21. There could be concerns with the ethical issue of gambling and participation in a lottery, including participants getting into debt. The scheme includes various safeguards and controls to ensure that the risk of gambling related harm is low risk, including:
- Tickets can only be purchased in advance and cannot be purchased on credit cards. There are no cash purchases.
 - Supporters have to sign-up prior to the draw, so tickets cannot be purchased on the spur of the moment, therefore no immediate gratification or instant wins
 - There is a maximum of 20 tickets per supporter before internal processes are triggered
 - Promotion of the lottery will be mainly via the good causes to their supporters
 - The lottery will be fully compliant with the Gambling Commissions Licencing Conditions and Codes of Practice
 - The minimum age for lottery participation is 16, however the ELM has increased the minimum age to 18, with back office and random checks undertaken to ensure compliance.
 - Evidence of age must be provided before receiving the jackpot prize.

- Any marketing is conducted in a responsible manner with reminders to “play responsibly” and information and signposting to support organisations, such as BeGambleAware.
22. The ELM has a self-exclusion process in place which allows a player to self-exclude from playing a lottery for a chosen period of 6 months to 5 years. Players who self-exclude will not be allowed to purchase lottery tickets and will not receive any direct marketing material during their chosen self-exclusion period. Self-excluded players must take a positive step to opt back into the lottery after their self-exclusion period ends.
 23. A lottery does not offer any ‘instant win’ products. Funds must be received for a ticket purchase before the ticket is entered into a draw. This reduces the risk of repeated impulse purchases. The ELM also has safeguards in place to ensure that ticket purchases are not excessive. As an example of an ELM, Gatherwell Ltd’s policy is to contact players with a recurring high-ticket yield of 20 or more tickets to ensure that they are fully aware of their purchase and number of lottery entries. Data from Gatherwell confirms that only 0.01% of participants have over 20 tickets per week.
 24. If a player is identified as a problem gambler by the ELM, the ELM will refer them to BeGambleAware. BeGambleAware provides support to individuals who feel that they have a gambling problem and can also refer problem gamblers to other support organisations.
 25. Lotteries are regulated under the Gambling Act 2005. It is widely accepted across the charity landscape that participants primary motivating factor is to support a particular organisation or range of charities rather than seeking to win a prize. Lotteries are considered to be low risk of gambling-related harm. In 2019, the Gambling Commission commissioned national research to understand why people gamble, the choices they make and how gambling fits into their lives. The research indicated that individuals who play lotteries typically fall into a typology which are the lowest risk from a problem gambling perspective.

Corporate plan priorities

26. The contents of this report support the key priorities of the Council’s Corporate Plan by providing grants to organisations that support and meet the local needs of the district’s communities and vulnerable people, including those associated with the cost of living, health and wellbeing, as well as supporting vibrant arts and culture. A Council run community lottery will empower local organisations to increase their resilience and community engagement, as well as to influence services and outcomes in their local area.

Options appraisal

27. On considering a community lottery scheme, the options available are:

Option 1 – not to adopt a Community Lottery. The reasons for not proceeding are essentially around resources and potentially encouraging gambling.

Option 2 - to adopt an in-house lottery scheme. This option would require creating new posts, systems and processes which is costly, for example a Lottery Manager and procurement of software systems. There would also be a financial risk as this is borne by the Council.

Option 3 – to appoint an External Lottery Manager with an existing supplier of community lotteries, utilising their skills and experience and passing the financial risk to the provider.

28. The typical model for other Council community lottery schemes is to retain a proportion of the ticket income for a central fund, usually 10%, with Councils deciding how to distribute this income. As the Council already has an established, and well funded, annual Community Grants scheme and Councillor Community Engagement grants, which are increasing from 1 April 2025, it is proposed to allocate the full 60% of ticket income to local good causes.
29. Whilst there are several organisations that can support a community lottery, there is only one provider identified that has extensive experience of doing so in partnership with local authorities. Gatherwell Ltd, who are registered with the Gambling Commission, has been identified by other local authorities who have undertaken market research as specialising in local authority and school community lottery schemes and is an External Lottery Manager for all 120 local authority based community lottery schemes, overseeing the operations of the lottery. With a proven track record, and positive feedback from other local authorities (see “Consultation” below) it is therefore proposed to appoint Gatherwell Ltd. as the ELM, should a scheme be adopted, who are the market leader and specialise in local authority community lottery schemes.

Consultation

30. The Community Grants Task and Finish Group have previously received a presentation from the potential supplier, Gatherwell Ltd, and considered the merits of adopting the scheme. The Group were supportive of the scheme, recognising the additional support to local

organisations and groups that benefit our communities and residents, noting the competitiveness and resource requirements of applying for grants, and to supplement our existing Community Grants scheme.

31. Community First Wessex report that many smaller organisations do not have the resources for continual funding applications, and generally there is a challenging landscape for grants, due to availability and demand. A community lottery scheme would generate and provide much needed financial support to local organisations.
32. As previously requested by the Task and Finish Group, an Officer contacted other local authorities who administer a community lottery scheme which included Havant Borough Council, Wealden District Council and North West Leicestershire District Council, who all reported positive responses, recognising the additional support provided to local organisations in their communities. All of the schemes use Gatherwell Ltd. as the ELM. More details of the consultation are provided in Appendix 2.

Financial and resource implications

33. If taken forward, the set-up cost of a Community Lottery scheme is £5,200, which includes website design, hosting, maintenance, and development, managing payments, dedicated support number, marketing strategy support and design creation, training and application support. There are annual ongoing costs of approximately £1,045, for the licence fee and Lotteries Council membership, but this cost could be funded and offset in full by reclaiming the VAT on the ELM fees. There is no annual fee to the ELM, their costs are covered by the 18.2% administration costs recouped from the ticket sales, as detailed in paragraph 10. Consideration could be given to provide funding for a launch event, but kept as low as possible.
34. The community lottery will generate additional funding to be distributed to a wide range local organisations of up to £67,000 per year, providing much needed ongoing financial support to a sector where many organisations are struggling financially.
35. There is no financial risk to the Council to fund prizes as this is covered in full by the ELM.
36. Acknowledgement is given to the initial Officer time to set-up the scheme, which could be fairly significant in the first 6 months planning for launch. It is expected the resources required can be met within existing budgets The ongoing administration burden is low with the ELM, undertaking day-to-day operations, developing,

and maintaining the webpage and handling all customer support regarding notifying winners and payment queries.

37. If adopted Council resources will be required to:

A. Set-up

- Apply for a local authority lottery licence from the Gambling Commission
- Confirm webpage design and content, along with communications, and application form
- Clarify the eligibility criteria for good causes and assess applications
- Promote the scheme and central fund (if adopted)

B. Ongoing

- Authorise payments to the good causes (monthly)
- Authorise the Lottery Return form, which the ELM submits to the Gambling Commission on the Council's behalf.
- Assess new applications from good causes applying to join the lottery
- Any communications, if appropriate
- Ensuring licences are paid each year
- Officer report to Scrutiny Panel on the progress of the scheme

Legal implications

38. Lotteries are regulated under the Gambling Act 2005 and the act stipulates eight categories of permitted lottery, including a "local authority lottery", who are permitted to run a lottery, either in-house or in partnership with an ELM. An ELM is defined in section 257 of the Act as someone that is a person or a body who makes arrangements for a lottery on behalf of a society or local authority, but is not a member, officer or employee of the society or authority should a Community Lottery be adopted compliance with the relevant rules and regulations with the Gambling Commission, such as the Gambling Act 2005, will require review and implementation to ensure compliance as the Council will be responsible for ensuring that the lottery operates lawfully. This will include applying for an operating licence and at least one licence holder.

39. It is also recommended that the council becomes a member of the Lotteries Council, which provides a range of services for its members, including acting as independent arbitrator for lottery providers should a dispute arise, free access to advice from specialists, and representation with regulators and legislators. The Lotteries Council will also make a contribution to the Responsible Gambling Trust on behalf of each of its members.

Risk assessment

40. There are of course risks associated with establishing a successful Community Lottery, such as:
 - (a) the voluntary and community sector choosing not to engage with the initiative; or
 - (b) the lottery not performing as well as expected and not producing the anticipated levels of income; or
 - (c) Reputational risks linked to success, or issues caused by the operation of the lottery.
 - (d) concerns of displacement of existing donations to charities
41. These risks have not yet arisen in other local authority operated lotteries, and are considered to be low risk and outweighed by the potential to generate new funding for a number of local voluntary and community organisations. The worst-case scenario is that the initial start-up costs are effectively written off.
42. There could be concerns around gambling, however paragraphs 21 to 25 provide details of the safeguards. Additionally, research undertaken by Gatherwell Ltd. shows that giving to good causes is a key motivation for playing and the average age of players is between 50 and 60 years old.
43. The top prizes are covered by the ELM and is funded from the prize fund, which itself is funded by the ELM's share of the ticket sales. The Council is not exposed to prize fund risk due to the contract it will hold with the ELM.

Environmental / Climate and nature implications

44. There are no significant environmental or climate and nature implications arising from this report, although applicants to benefit from a community lottery scheme could support the Council's commitment to climate sustainability.

Equalities implications

45. Our Community Grants programme supports a wide range of organisations across the district that support, engage, provide opportunities, and benefit our diverse communities and residents, including those with mental health and disabilities, and vulnerable households. By adopting a Community Lottery scheme this will provide additional support to a wide number of groups and

organisations, some of whom will support vulnerable households across the district.

Crime and disorder implications

46. There are no crime and disorder implications directly arising from this report.

Data protection / Information governance / ICT implications

47. Information will be shared with the ELM, in accordance with the General Data Protection Regulations. There are no ICT implications as the ELM will host and maintain the website and payments.

Appendices

Appendix 1 – How a lottery works
Appendix 2 – Consultation responses from other Local Authorities

Background Papers:

None

Appendix 1 – How a Lottery works

How a Lottery works



Appendix 2 – Consultation responses from other Local Authorities

	Council A	Council B	Council C	Council D
Impact on Officer time and the administration involved?	Initial set-up requires admin (launch, good causes on board), once done day to day admin is minimal, community fund takes time as review applications, present to panel who decide.	Initial set-up requires work, but once operational on average up to 5hrs per month – admin, comms team, customer services liaise with prize winners	Pre-approval work and set-up, lots of comms work – Legal checking contract. Good cause checks Ongoing admin is minimal	Lots of work to start – gambling commission licence, policies, Legal and data protection team checked. Launch event and promotion. Once live not much admin, do comms to promote scheme, check good causes when sign up.
Take up	Community fund is about £15k	1,150 tickets per week – 1% of pop	3 months raised £6k	2,000 tickets per week, 0.75% of pop.
Do you have a Central Fund (10% for distribution)?	2 windows a year – grants up to £2k, organisations apply. Have £7k budget.	100% community fund – Once a year - 17 applications in £1,000 max. Panel decide – church, young people, business, Cllr etc.	40/20 split – Council is a good cause and distribute to be decided – applications. Recoup costs from ticket sales. Claim VAT back	Need to consider how to distribute funding.
Have you done lots of comms/publicity?	Light touch	Regular schedule to promote – showcase good causes, e.g. PTA for pirate ship	Limited – encourage groups to do their own	Encourage the groups to promote themselves and do work themselves
How are the ELM to work with?	Really good – no complaints, quick responses, helpline is very good.	Very good, no issues	Yes – could do more	Yes – good response to emails, advice, and guidance.
Have you experienced any issues/problems with the scheme?	No - some concerns with gambling so not heavily promoted. Aim to get good causes to promote the scheme themselves.	Aim to get good causes to promote the scheme themselves – ELM give comms.	No - some groups not sure how to promote so supported.	Some good causes that are dormant – no one is choosing them, and they are not self-promoting? Retain in case they do restart promotion?
Has subscriptions/income been constant or has this tailed off?	Check good causes groups – some dip then increases so fluctuates. Some smaller groups rely on monthly funds from general fund. Maybe £800pm	Benefits smaller groups. Ticket sales have been constant. Top causes – Council fund, school, autism trust, bowling club, scout group, bird group.		Constant now after slight increase each month
What are the costs/risks?	Officer time. Annual fee. No real costs.	Officer time. Annual fee. No real costs.	Marketing costs and gave £1k for super draw (3	Staff time

	No risks.	No risks. More money going into the community	vouchers). Legal team looked at contract – took time.	VAT that is used to pay licence fees (£3k) reclaimed
How many good causes do you have?	110 good causes	150 good causes. Over 7 years £235k back into the community	55 good causes. Good scheme – not ring-fenced grants	100 – range of little groups
Any other additional information	No Cllr grants or community grant pot/budget	No Cllr grant – supporting community grant instead. Communities and groups cherish.	Approve bank details.	Have community grant programme as well and small grants. No capital grants. No local Cllr Grants.
Would you recommend	Yes	Yes	Yes	Yes