

Supporting Information and Impact Assessment

Service / Policy:	Local Lottery
Executive Lead:	Deputy Mayor and Executive Lead for Health and Wellbeing and Corporate Services – Cllr Mills
Director / Assistant Director:	Assistant Director of Corporate and Business Services

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Section 1: Background Information	
1.	<p>What is the proposal / issue?</p> <p>Transformation Project - Creation of a Local Lottery</p> <p>To consider setting up a local lottery to benefit local community groups and charities that are able to contribute towards the Council's ambitions and likely to be impacted by further reductions in local authority funding.</p>
2.	<p>What is the current situation?</p> <p>The Council is facing significant budget cuts to meet a budget gap of £21.5 million over the next 3 years (to 2019).</p> <p>This is a new initiative not currently provided by the Council.</p> <p>The development of a local lottery brings opportunity for local groups to continue to be supported in the face of austerity measures the Council may need to take.</p> <p>The costs and benefits are set out in the associated business plan.</p>

3.

What options have been considered?

The business case explores three options for delivery.

1. Do nothing
2. Deliver in house
3. Deliver through external partner

These are discussed below.

A. DO NOTHING:

Under this option, the status quo remains, with no lottery in place. Over time this will see discretionary funding come under increasing pressure with no viable alternatives.

Strengths:

- The status quo is maintained.

Weaknesses:

- The Council is unlikely to have the finances to keep offering discretionary funding.
- There is no planned alternative to assist with the delivery of these types of activities in the medium to long term.

B. DELIVER IN HOUSE

This option would see the setting up of the necessary posts and systems to run a lottery in house. This has not been demonstrated as cost effective in any other local authority and thus is not costed, but it is believed that this would cost in the region of a £80-100k for set-up costs alone, which would include a lottery manager and the necessary development of software systems to enable the lottery to run.

Strengths:

- Torbay Council could be seen as pioneering, a leader in the field.
- The Council could keep supporting community causes thus continuing to meet the Council ambitions
- Maintain positive PR for the council brand.
- This could be a comfortable fit with the commercial approach of going into new territory and looking for alternative ways of working.

Weaknesses:

- The Council does not have the internal expertise to set up the software for an online lottery. This would have to be brought in at commercial rates.
- The Council may have to develop a completely new area of operation for the lottery. This would involve at the very least a lottery manager and assistant as well as having to source software to run the lottery itself.
- No experience at all in this field and so no knowledge of how to deal with potential difficulties.
- There could be a negative perception from the public and charities that the

	<p>Council is potentially trying to take business from good causes.</p> <ul style="list-style-type: none"> <input type="checkbox"/> There could be a negative perception from the public that they already pay their council tax and the Council is trying to take more of their money. <input type="checkbox"/> The Council could be seen to encourage gambling. <p>C. DELIVER THROUGH EXTERNAL PROVIDER</p> <p>This option would see a partnership with an existing deliverer of lotteries in the market place (an External Lottery Manager – ELM). This in effect means ‘buying into’ an existing lottery manager’s products.</p> <p>Strengths:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The Council would be commissioning experts in the field to run our lottery which would be much lower risk – less chance of malfunctioning, legal errors etc. <input type="checkbox"/> An ELM would take care of complexities such as lottery licences etc. <input type="checkbox"/> The Council could keep supporting community causes thus continuing to deliver the Councils ambition through others. <input type="checkbox"/> Positive PR for the Council brand. <input type="checkbox"/> This would be less costly and very low risk and could also be a strong example of partnership working. <p>Weaknesses:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The Council could be seen to indirectly encourage gambling. <input type="checkbox"/> The ELM take a percentage of the ticket price – the Council’s potential revenue stream, and we will have to fit with one of the existing models supplied. <input type="checkbox"/> There could be a negative perception from the public and charities that the Council is potentially trying to take business from good causes – although in part this is mitigated by using an ELM. <input type="checkbox"/> There could be a negative perception from the public that they already pay their council tax and the Council is trying to take more of their money.
<p>4.</p>	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan 2015-19?</p> <p>It is envisaged that the Torbay Lottery will assist towards delivering the ambition and the targeted action areas of the Council by enabling a new and simple way for criteria matched good causes in the area to gain access to a new funding stream.</p>

5.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>Good causes and their beneficiaries will be effected in a positive manner through delivering new income to support their costs.</p> <p>The area will benefit by the efforts of good causes towards the ambitions and targeted actions of the Corporate Plan.</p> <p>Lotteries are a common activity in society with the precedent of the National Lottery where less that 30% of the funds go directly to good causes.</p> <p>This local lottery is considered to be a much lower gambling risk as it is totally online through direct debit or payment cards and so ticket purchase is a longer considered activity.</p>
6.	<p>How will you propose to consult?</p> <p>This project will engage with local community groups who could benefit form the income stream, many of whom already apply for National Lottery grants where eligible.</p> <p>Evidence in other local authorities that have started a local lottery confirms that residents / supporters do buy tickets.</p>

Section 2: Implications and Impact Assessment

7. **What are the financial and legal implications?**

The local authority can operate this scheme under its general powers of competence as provided by the Localism Act 2011. The scheme would be licensed by the Gambling Commission who would regulate the scheme under the Gambling Act 2002. The Council will have two responsible officers.

The Gambling Commission also ensure the scheme is compliant to licensing code of practice for gambling responsibly. And the licence application will look at the Councils policies for Children and Vulnerable Person Protection, Fair and Open Gambling, Implementation Procedures, Social responsibility on Gambling and Protection from Sources of Crime and Disorder. The ELM will assist with the development of these If necessary.

Start up costs of circa £14,000 are a one off investment, which can be identified within existing budgets.

All ongoing costs are thereafter contained within the business model as set out in the associated exempt business plan.

There will be a contract with the ELM to set out the income arrangements and operating relationship between them and the customers.

8. **What are the risks?**

The main risk would be that nobody buys tickets for this lottery. If this were the case the Council could abandon the scheme and not reapply for the gambling licence.

9. **Public Services Value (Social Value) Act 2012**

The set up of the scheme is based on the consultancy support from Vale Commercial Solutions and the implementation of the ELM operating platform.

This falls within the Councils financial regulations for a single quote.

The ongoing delivery of the scheme is predicated on a service between the ELM and the customer, thus the ELM pay VAT as the service provider and the Council receives a resulting income stream through negotiation.

<p>10.</p>	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>This proposal looks to replicate the successful scheme delivered in Aylesbury Vale District which has now been operating for one year with the following results;</p> <p>Annualised gross revenue - £120,016</p> <p>60% to good causes - £72,009</p> <p>131 good causes selling tickets and generating direct income.</p>
<p>11.</p>	<p>What are key findings from the consultation you have carried out?</p> <p>There are a number of other local authorities now in the process of establishing this scheme including Portsmouth City Council who have already launched their scheme, Corby District Council, Gloucester City Council, Mendip Council and Merton Council.</p>
<p>12.</p>	<p>Amendments to Proposal / Mitigating Actions</p> <p>Torbay Council Officers are recommending that the funds generated are centrally pooled and then distributed to groups who meet the Council ambitions. This is not how the Aylesbury Vale model works as 50% there goes to the good causes that are registered and thus perpetuating ticket sales within their networks.</p>

Equality Impacts

13	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people	Both younger people and older people may benefit through groups securing income to provide services and activities for their needs.		Younger people will not be eligible to play the lottery
	People with caring Responsibilities			There is no differential impact
	People with a disability			There is no differential impact
	Women or men			There is no differential impact
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			There is no differential impact

Religion or belief (including lack of belief)			Religious groups may not agree with gambling as a method of raising income.
People who are lesbian, gay or bisexual			There is no differential impact
People who are transgendered			There is no differential impact
People who are in a marriage or civil partnership			There is no differential impact
Women who are pregnant / on maternity leave			There is no differential impact
Socio-economic impacts (Including impact on child poverty issues and deprivation)		People on low incomes or without bank accounts/payment cards or access to the internet may feel excluded.	

	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			There is no differential impact
14	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	None		
15	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	None		