

CABINET



Report subject	BH Coastal Lottery Small Grant Scheme Criteria and Proposal to Extend BH Coastal Lottery Across BCP
Meeting date	15 January 2020
Status	Public Report
Executive summary	<p>BH Coastal Lottery was launched in 2019 to raise funds for 'good causes' in Bournemouth. As part of the operation of the lottery, 60% of the revenue generated must be used to benefit 'good causes' in Bournemouth. The 2017 Cabinet Report which sought approval for the establishment of BH Coastal Lottery proposed that a Small Grants Scheme be developed to administer the community funding. This Cabinet report details the proposals for the criteria and operation of the Small Grant Scheme.</p> <p>BH Coastal Lottery was established by the legacy Bournemouth Borough Council and currently only good causes that benefit residents of Bournemouth can be involved in the operation of the lottery. Due to its success, this Cabinet report also seeks approval for the amended to the terms and conditions for BH Coastal Lottery to operate across Bournemouth, Christchurch and Poole.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>(a) Cabinet approve the criteria and implementation of the Community Fund Small Grant Scheme; and</p> <p>(b) Cabinet approve the expansion of BH Coastal Lottery to operate across Bournemouth, Christchurch and Poole.</p>
Reason for recommendations	To agree policy and process for the allocation of the Community Fund (small grants scheme). To consider including Christchurch and Poole criteria.

Portfolio Holder(s):	Councillor Lewis Allison (Portfolio Holder for Leisure, Tourism and Communities)
Corporate Director	Kate Ryan, Corporate Director (Environment and Communities)
Contributors	Kelly Ansell (Director of Communities) Cat McMillan (Communities Manager) Linda Maguire (Community Development Officer) Steve Place (Senior Advisor, Community Action Network)
Wards	All Wards
Classification	For Decision

Background

1. In 2017, Bournemouth Borough Council's cabinet approved the establishment of BH Coastal Lottery, a 'Society Lottery' regulated by the Gambling Commission. The sale of lottery tickets started in January 2019, with the first 'draw' taking place in March 2019 and BH Coastal Lottery is now one of the biggest and most successful local authority lotteries in the country. The Cabinet approval included a review of the lottery after its first year of operation to consider whether it has met the aims and objectives. This is due in March 2020.
2. "Society Lotteries" are regulated under the 2005 Gambling Act and must return a minimum of 20% of the proceeds to the purpose of the society. In Bournemouth, 60% of the revenue generated goes to the purpose of the society, in this instance, 'good causes' in Bournemouth. The Lottery operates via an on-line platform, with tickets costing £1, and players deciding which 'good cause' they want to support. In total, 60% of ticket sales go directly to 'good causes' in Bournemouth, with 20% contributing to prizes and 20% covering administration. BCP Council receives no funding from the lottery.
3. When purchasing tickets, players can choose to either support a specific local 'good cause', such as the Russell Cotes Museum for example, or choose to support 'good causes' generally in Bournemouth. If they choose to support a specific 'good cause', 50% of their ticket sale will go directly to that 'good cause' and 10% will go to a central community fund. However, they also have the option to support 'good causes' generally in Bournemouth, in which case 60% of their ticket sales will go to the central community fund. The purpose of the central community fund is to support 'good causes' in Bournemouth via a Small Grant Scheme and this Cabinet report makes recommendations about the eligibility criteria and application process for the administration of the Small Grant Scheme.

4. Local authorities can retain control over which 'good causes' benefit from the proceeds of the lottery by developing criteria and processes for approving which 'good causes' can sell the lottery tickets (such as voluntary and community groups and charities). Once approved by the local authority to sell lottery tickets, the 'good causes' have their own page on the main BH Coastal Lottery website which they can then market to their supporters. Every month, the income from ticket sales through their portal is paid directly into their account. Therefore, this provides an effective fundraising platform and a regular income stream for 'good causes' in Bournemouth. The BH Coastal lottery webpage can be found at: www.bhcoastalottery.co.uk
5. The lottery draw takes place weekly based upon the results of the Australian National Lottery Super66 game, as published on the Lottery West website (www.lotterywest.wa.gov.au). The winning numbers for each weekly draw are the six-digit numbers generated (in the same order) by the Australian National Lottery Super66 draw which takes place on the Saturday night of the same week. BCP Council and the External Lottery Management company, Gatherwell, have no control or influence over the winning numbers of the lottery.

BH Coastal Lottery Performance to date

6. Legacy Bournemouth Council commissioned Gatherwell, an independent External Lottery Management (ELM) company licensed by the Gambling Commission, to operate BH Coastal Lottery. They are responsible for:
 - a. Overall management of the Council lottery
 - b. Providing insurance to underwrite the lottery and provision of 'prizes'
 - c. Managing the lottery website
 - d. Delivering bespoke marketing materials
 - e. Running the lottery: making payments to and communicating with players and recipients of the funding; performance reporting
 - f. Providing support via phone, email and through social media
 - g. Providing advice, training and support on all aspects of the lottery, linking to the network of local authorities also running lotteries
7. The Council's role is to:
 - a. Apply for a Gambling Commission Licence
 - b. Define eligibility criteria for 'good causes' to join the Lottery
 - c. Approve new 'good causes' for the sale of tickets
 - d. Authorise monthly payments to the 'good causes'
 - e. Carry out marketing of the lottery– promoting the central (community) fund and promoting the lottery to 'good causes'
 - f. Define the Small Grants Scheme Criteria and administer the fund

8. In operating BH Coastal Lottery, the Council must demonstrate how it upholds the three licensing objectives:
 - a. preventing gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime;
 - b. ensuring that gambling is conducted in a fair and open way;
 - c. protecting children and other vulnerable people from being harmed or exploited by gambling.

The Council has specific policies which detail how they uphold the licensing objectives and also has a Social Responsibility in Gambling Policy which details how it carries out its role to protect individuals from excessive and addictive gambling.

9. Tickets are purchased a month in advance via direct debit. Each ticket costs £1 and has a 1 in 50 chance of winning. Prizes range from the £25,000 jackpot for matching all six numbers, to three free tickets for a two-number match. The majority of winners win £250, £25 or three free tickets, with some players choosing to donate their prize back to a 'good cause'. An insurance policy held by the ELM ensures every lottery win is funded. As of week 40 of the current operation of BH Coastal Lottery, there have been 2,315 winners.

10. The original projected income figures (based on population) within the original BH Coastal Lottery business case have been exceeded to date, as shown below:

Estimated number of players year 1:	830 players	Actual number of players week 40:	1,490 players
Estimated gross return year 1:	£64,740	Actual gross return week 40:	£127,308
Estimated Small Grant Scheme year 1 (10% of ticket sales):	£6,474	Actual Small Grant Scheme (10% of ticket sales) week 40:	£12,730.80
Estimated all 'good causes' Income year 1 (50% of ticket sales):	£32,370	Actual all 'good causes' income week 40 (50% of ticket sales):	£63,654
		Total funding available in the Small Grant Scheme for Bournemouth:	£32,406.30

11. 99 local 'good causes' have signed up to the BH Coastal Lottery to date. These range from well known organisations such as the Citizens Advice through to smaller good causes such as School Parents Teachers Associations. The most popular 'good cause' is the Central Community Fund for 'good causes' generally in Bournemouth, with 399 supporters currently purchasing tickets.
12. Through the sale of BH Coastal Lottery tickets, a total of £63,654 has been raised for local 'good causes' in Bournemouth at the time of writing of this report. Through the general 'good causes' Community Fund we now have £32,406 that can be allocated to local 'good causes' in Bournemouth through a Small Grants Scheme.
13. Cabinet are asked to approve the eligibility criteria and administration process for the administration of a Small Grant Scheme which is detailed in Appendix A.

Small Grants Scheme

14. The full proposed criteria for the Small Grants Scheme is detailed at Appendix A. As BH Coastal Lottery currently only operates in Bournemouth, the grant criteria below details how 'good causes' in Bournemouth can apply to the Small Grant Scheme. Section 19 of this report details a proposal to expand the operation of BH Coastal Lottery across BCP, with an effective operational date of the first of April 2020. If Cabinet are minded to approval this proposal, the eligibility criteria will subsequently be amended to reflect that 'good causes' across Bournemouth, Christchurch and Poole will be eligible for the Small Grant Scheme from April 2020.
15. In Summary, the proposed eligibility criteria for the Small Grant Scheme is:
 - Constituted Voluntary and Community Organisations with an income of less than £50,000 per year can apply;
 - Grants will be for amounts between £50 and £500;
 - Grants must contribute towards the BCP Council Corporate plan priorities by developing vibrant communities whereby residents have an outstanding quality of life and everyone plays an active role;
 - The project (services, facilities or activities) must benefit residents of the former Borough of Bournemouth;
 - There is a demonstrable need in Bournemouth for the specific services, facilities or activities provided by the organisation;
 - The organisation is a registered charity or a constituted 'not for profit' organisation;
 - The organisation has a bank account with any payment authorised/signed by at least 2 unrelated people;

- The organisation has financial need which will be assisted by the grant sought and without which the services, facilities or activities could not be provided;
- The organisation actively encourages disadvantaged groups in the community to make use of the services, facilities or activities provided;
- The project must be delivered within 12 calendar months of receiving the grant;

We will not grant fund to or for:

- Individuals;
- Activities promoting political or religious beliefs;
- Overseas travel

Marketing and promotion of the Small Grant Scheme

16. The scheme will be widely promoted in Bournemouth via:

- BCP Council Communications (Social media, digital marketing and website);
- Community Action Network (CAN) distribution lists (formerly the Council for Voluntary Service);
- 'What Funds' email distribution lists;
- Community Workers distribution lists;
- The 'Bournemouth Conversation' distribution list;
- Councillors.

17. Application Forms and supporting documents for the Small Grant Scheme will be available on the BCP Council and BH Coastal Lottery websites. They will also be available in paper format from the CAN office, libraries, Town Hall reception and by mail or email on request. It is proposed that, subject to Cabinet approval, the Small Grants Scheme is launched in February 2020 with a view to all funding in the Bournemouth 'good causes' community fund being allocated by the end of March 2020.

18. Section 19 of this Cabinet report outlines the proposal for the extension of the BH Coastal Lottery to include the new Bournemouth, Christchurch and Poole geography. If Cabinet are minded to approve this, it is recommended that the lottery is launched across Bournemouth, Christchurch and Poole effective from 1 April 2020. At this point, the Small Grants Fund for the Bournemouth area would be fully allocated to Bournemouth 'good causes', and the Lottery will then be open to 'good causes' from across the whole area.

Proposal to expand BH Coastal Lottery to include all of Bournemouth, Christchurch and Poole

19. BH Coastal Lottery has been a considerable success in Bournemouth, exceeding the original expectations for performance and providing a valuable

income stream to local 'good causes'. It is proposed that BH Coastal Lottery is expanded across Bournemouth, Christchurch and Poole to allow all 'good causes' in the area to benefit from it. The Gambling Commission Licence held by BCP Council allows for the BH Coastal Lottery to be expanded across the area by amending the lottery's Terms and Conditions.

20. Since BCP Council formed, a number of 'good causes' from Christchurch and Poole have enquired about registering for BH Coastal Lottery in order to benefit from the income generated by ticket sales. Due to the current Terms and Conditions of the lottery which detail that BH Coastal Lottery is operated for the benefit of Bournemouth and its 'good causes', they have not been eligible to be approved.

21. The original projections for establishing the BH Coastal Lottery were based on Bournemouth's over 16 population of 166,000. The over 16 population for BCP Council is 340,000. Based on this, the projected outputs for expanding the lottery across Bournemouth, Christchurch and Poole are shown below:

Estimated number of players year 1:	1,700 players	Estimated number of players year 2:	3,400 players
Estimated gross return year 1:	£132,600	Estimated gross return year 2:	£265,200
Estimated Small Grant Scheme year 1 (10% of ticket sales):	£13,260	Estimated Small Grant Scheme year 2 (10% of ticket sales):	£26,520
Estimated all 'good causes' income year 1 (50% of ticket sales):	£66,300	Estimated all 'good causes' year 2 (50% of ticket sales):	£132,600

22. The projections use a methodology which profiles a percentage of the population purchasing tickets using modelled data from existing lottery schemes around the country. The profiling is deliberately cautious and gives an indication of the expected level of income revenue that can be generated by the lottery. In Bournemouth, the lottery has far exceeded the projected revenue that was profiled in the original business case.

23. The 2017 Cabinet report detailed that the running costs associated with the operation of the lottery (licence fees, promotion etc) would be absorbed within existing budgets until year three, at which time these costs would be funded from the revenue generated by the lottery. This was to enable the lottery to

establish itself and ensure that as much funding as possible was allocated to 'good causes' in Bournemouth.

24. The costs associated with expanding BH Coastal Lottery across Bournemouth, Christchurch and Poole relates to a small amount of officer time for approving new 'good causes' to sell tickets and for the administration of the Small Grants Scheme. The ELM operator costs are taken directly from the revenue generated by the Lottery. The only other funding required relates to a marketing and communications budget to ensure that 'good causes' in Christchurch and Poole are aware of the Lottery Scheme and to encourage residents to sign up and play the lottery.

25. A budget of £10,000 was allocated to the launch and ongoing promotion of BH Coastal Lottery in year one. This was to raise awareness of the lottery with both residents and 'good causes' in Bournemouth and to ensure that the brand was established, and the lottery was as successful as possible. As the lottery is now fully operating and recognised in Christchurch and Poole, we are proposing a reduced marketing and communications budget of £5,000. We have already received a number of applications to register as a 'good cause' in Christchurch and Poole and the Community Action Network (CAN) now provides support across BCP and therefore has a database of 'good causes' that we can promote the lottery to. We are proposing that the additional £5,000 for marketing and communications is taken from the lottery revenue which is consistent with the terms and conditions of operating a 'society lottery'.

Proposed Implementation for April 2020

26. In order for the lottery to be as successful as possible we need a minimum lead-in time of 8 weeks in which to build up, promote and advertise BH Coastal Lottery across BCP. Subject to approval at Cabinet for the expansion of the lottery, the following timescales for implementation are proposed:

February 2020:

- Amend BH Coastal Lottery Terms and Conditions to enable 'good causes' in Christchurch and Poole to register;
- Amend BH Coastal Lottery Webpage to allow 'good causes' in Christchurch and Poole to register to sell tickets;
- Communication and events with the Voluntary and Community Sector across BCP to promote the lottery, how they can register, benefits to them etc.

February / March 2020:

- Communication to residents via a range of channels including; social media, local media, e-newsletter promoting BH Coastal Lottery and raising awareness of the good causes that can be supported;
- Continue to vet and approve new 'good causes' ready for tickets to start selling in April 2020;
- Promotion of 'good causes' on BH Coastal Lottery with a 'coming soon' banner to encourage interest;
- Case studies promoting 'good causes' who have benefitted from the lottery ticket sales promoted;
- Announcement of 'good causes' funded via the Small Grants Scheme to generate further interest;
- 'back end' adjustments to the lottery webpage to accommodate new 'good causes', change promotional material online, change imagery etc.

1 April 2020

- Ticket sales go live across Bournemouth, Christchurch and Poole with the first draw taking place on the 4 April 2020;
- Ongoing promotion and marketing of the lottery to 'good causes' and residents

Summary of financial implications of Small Grant Scheme and BCP BH Coastal Lottery

- 27.** There would be a small increase of officer/staff time promoting and administering the Small Grants Scheme and the expansion of BH Coastal Lottery, which equates to approx. £2,900 per annum. All other costs relating to the operation of the lottery (Gambling licence fee, Gambling Commission fee, Lottery Council Membership) are covered by the current operation of the lottery. The only additional cost incurred by expanding the lottery across BCP is for marketing and promotion. We are proposing a budget of £5,000 which can be funded via the revenue generated by the lottery.
- 28.** There are no costs associated with launch of the Small Grant Scheme other than staff time. Due to the discontinuation of the Local Improvement Fund which previously operated in Bournemouth, the administration of the Small Grants Scheme and expansion of the lottery across Bournemouth, Christchurch and Poole can be absorbed in existing staff resources. The marketing and communication costs involved with expanding the lottery across the area are £5,000 and given that these costs can be absorbed within the revenue generated by the lottery it is proposed that this provides an excellent opportunity to support 'good causes' across the whole area at a minimal cost.

Summary of legal implications

29. BCP Council's operation of BH Coastal Lottery is regulated by the Gambling Commission. By operating a 'society lottery' we must ensure that we adhere to the terms and conditions of our lottery licence and a minimum of 20% of the revenue generated by the lottery must go to local 'good causes'. Currently 60% of the revenue generated goes to local 'good causes'.
30. Legal Services reviewed the proposed operation of BH Coastal lottery as part of the 2017 Cabinet Report and were supportive of the role that it would play in supporting local 'good causes'. They have reviewed the information relating to the Small Grants Scheme and deemed it low risk.

Summary of human resources implications of Small Grant Scheme

31. There are no human resources implications.

Summary of environmental impact

32. The BH Coastal Lottery operates via an online platform, with no paper tickets and the environmental impact of the scheme is therefore minimal.
33. The Small Grant Scheme will be awarded to a wide range of community and voluntary sector organisations, some of whom play a key role in delivering environmental services and activities and it therefore has the potential to generate positive environmental impacts through the 'good causes' involved. For example, community groups could provide a recycling scheme or repair café or maintain community allotments and community clean ups.

Summary of public health implications

34. As part of the Licensing Objectives we are required to ensure that we promote responsible gambling. The policies associated with the lottery ensure that the impact upon vulnerable individuals is minimised. For example, the lottery operates via an online platform and tickets are bought in advance via direct debit. This ensures that there is no 'instant gratification' for prize winning which is often associated with gambling such as scratch cards and 'fruit machines'.
35. The Small Grant Scheme will be awarded to a wide range of community and voluntary organisations who play a key role in delivering health and well-being services and activities as well as social, economic, environmental and cultural activities. It is therefore considered that the lottery and Small Grants Scheme has the potential to provide positive health impacts across Bournemouth, Christchurch and Poole.

Summary of equality implications

36. A full Equalities Impact Assessment (EIA) has been completed relating to both the Small Grants Scheme and the proposal to expand BH Coastal lottery across the whole area.
37. The EIA identified that there are no negative equality implications for the launch of the Small Grant Scheme. The Small Grant Scheme provides the opportunity for a number of positive equality impacts through the promotion of good causes which support our diverse communities.
38. The EIA identified three potential negative impacts relating to Gambling which relate to expansion of the lottery across the whole area:
- i) Underage gambling - this is mitigated by the age verification checks in place to ensure players are over 16 years old which is built into the ticket purchase process;
 - ii) Adult gambling- this is mitigated by having limits to ensure individuals cannot buy excessive numbers of tickets and only cleared funds will be accepted which have been built into the ticket purchase process;
 - iii) It was also identified that there may be some objections to gambling on religious grounds and the potential for religious groups to object that the Small Grants Scheme would not support activities to proselytise. We cannot fund the practice of religion, or any activities that actively promote religion or particular belief systems (or indeed the lack of belief). This is because these activities could exclude people from accessing a project on religious grounds. Faith-based organisations can however apply to run projects and activities that are open for the benefit of residents, regardless of belief.
39. The policies and procedures which form part of the operation of the lottery ensure that children and vulnerable people are protected from harm from gambling and promote the development of good practice policies for safeguarding within the voluntary and community sector.

Summary of risk assessment

40. The launch and administration of the Small Grants Scheme is considered low risk. As with all grants schemes, there is the potential for fraudulent applications, however this is mitigated with checks on the bonafide status of the group/organisation through the submission of information to support their application.
41. There is a low risk with regard to underage gambling. This is mitigated by the age verification checks in place to ensure players are over 16 years old which is built into the ticket purchase process as detailed in 'The Protection of Children and Vulnerable Adults Policy for BH Coastal Lottery'.

42. There is a low risk with regard to adults gambling. This is mitigated by having limits in place which ensure individuals cannot buy excessive numbers of tickets and only cleared funds will be accepted which have been built into the ticket purchase process. Tickets are bought in advance, via direct debit, for a weekly draw which reduces the potential for habit-forming gambling. This is detailed in the 'The Protection of Children and Vulnerable Adults Policy for BH Coastal Lottery' and the 'Social Responsibility in Gambling Policy for BH Coastal Lottery'.

43. Whilst there is a medium risk of ticket sales decreasing, therefore, reduced funding for the Small Grants Scheme, there will be a programmed communication and marketing plan in place. The lottery will be reviewed annually to ensure that it continues to meet its objectives.

Background papers

Cabinet 8 November 2017:

<https://www.bournemouth.gov.uk/councildemocratic/CouncilMeetings/CommitteeMeetings/Cabinet/2017/11/08/agenda/Agenda-and-Reports-PUBLIC.pdf>

The Gambling Commission – Licence conditions and codes of practice May 2019:

<https://www.gamblingcommission.gov.uk/PDF/LCCP/Licence-conditions-and-codes-of-practice.pdf>

BH Coastal lottery terms and conditions:

<https://www.bhcoastalottery.co.uk/good-causes/terms>

Appendices:

Appendix A - Small Grants Scheme Criteria, application form and terms and conditions