

# Public Document Pack

## NORTH HERTFORDSHIRE DISTRICT COUNCIL

### CABINET

TUESDAY, 20TH JULY, 2021

### SUPPLEMENTARY AGENDA

Please find attached an urgent agenda item relating to the above meeting.

NB: The documents attached are the reports and appendices as considered by Cabinet at the meeting held on 29 June 2021.

<b>Agenda No</b>	<b>Item</b>
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| a) | <u>NORTH HERTFORDSHIRE COMMUNITY LOTTERY - NEW POLICIES</u> (Pages 3 - 52) |
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REPORT OF THE COMMERCIAL TEAM LEADER, THE COMMERCIAL MANAGER AND THE SERVICE DIRECTOR – COMMERCIAL

To seek approval for the Council to introduce and adhere to new policies associated with the delivery of the North Hertfordshire Community Lottery and Gambling Licence application.

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**CABINET REPORT  
20 JULY 2021**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: NORTH HERTFORDSHIRE COMMUNITY LOTTERY – NEW POLICIES**

**REPORT OF: COMMERCIAL TEAM LEADER, COMMERCIAL MANAGER AND SERVICE DIRECTOR - COMMERCIAL**

**EXECUTIVE MEMBER: EXECUTIVE MEMBERS FOR ENTERPRISE, THE ARTS AND TRANSPORT**

**COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY**

**1. EXECUTIVE SUMMARY**

- 1.1. The purpose of this report is to seek approval for the Council to introduce and adhere to new policies associated with the delivery of the North Hertfordshire Community Lottery and Gambling Licence application.
- 1.2. As a reminder, the concept of the Community Lottery was approved on 15 December 2020 via Cabinet. Voluntary and Community Sector (VCS) groups such as local charities, community groups, sports clubs and schools will have the opportunity to financially benefit from this project, via funds raised through online lottery ticket sales.

**2. RECOMMENDATIONS**

- 2.1. That Cabinet approves the implementation of the new policies associated with launching and delivering the North Hertfordshire Community Lottery.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1. In order to gain a lottery licence from the Gambling Commission, NHDC need to provide and adhere the following policies (as seen in appendix 1):
  - Social Responsibility in Gambling Policy
  - Implementation Procedures Policy
  - Protection from Source of Crime and Disorder Policy
  - Fair and Open Gambling Policy
  - Children and Vulnerable Person Protection policy
  - Remote Technical Standards Policy
  - Terms – Complaint Procedure
  - Terms – Site (including self-exclusion)
  - Terms – Games Rules

Gatherwell (External Lottery Manager) have provided draft copies of these policies for NHDC to adopt.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. None, as the Gambling Licence cannot be completed unless the above policies are agreed and approved for use by Cabinet members.

#### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 The Executive Member and Deputy Executive Member for Enterprise, The Arts and Transport have been kept updated regarding this project. The Commercial Team Leader has been in regular communication with the nominated External Lottery Manager (ELM), Gatherwell, who has experience delivering and managing other local authority lotteries. Gatherwell have also advised that in order to be successful, these policies must be adopted in order to proceed with the Gambling Licence required to launch the Lottery itself.

#### **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a Key Executive Decision and has been added to the Forward Plan (May 2021).

#### **7. BACKGROUND**

- 7.1 The aim of the Community Lottery is to generate additional revenue in support of good causes such as local charities, community groups, sports clubs and schools within the District.
- 7.2 The Community Lottery will support local groups and organisations to create and promote an additional funding stream. Members of the public/ community can purchase tickets from the North Hertfordshire Community Lottery website and choose which VCS group or organisation/s they wish to financially support via a lottery ticket sale. By doing this, it allows a large proportion of the monetary donation to go directly to the good cause.
- 7.3 The Council will also benefit financially from each ticket sale, however at a lower monetary proportion than the VCS groups.
- 7.4 The concept of the Lottery was approved by Cabinet on 15 December 2020.
- 7.5 Since being appointed in January 2021, Gatherwell (External Lottery Managers) have assisted with the completion of the lottery licence application with the Gambling Commission. Whilst completing the application it has come to light that a number of policies (as listed above) need to be included in the application in order to be successful with the licence.

- 7.6 Gatherwell have draft policies written for this purpose, that have previously been adopted by other Local Authorities when completing their application before launching a Community Lottery. In order to move forward with the application, the policies need to be reviewed and approved by relevant officers and Cabinet members. Once submitted, it is approximately 16 weeks to approval of the licence, this could mean a good causes launch in early November, mid-December for ticket sales to start and the first draw towards the end of January 2022.

## **8. RELEVANT CONSIDERATIONS**

- 8.1 This report is seeking the approval of the policies outlined above. Since learning that the policies need to be in place prior to the application, the Commercial team have been working closely with relevant service areas to ensure each officer/ manager is content with the policy outlines and are happy to approve it on their service behalf.
- 8.2 It is important to note that the policies are only relevant to the Community Lottery and have no impact on other policies already in place at the Council.
- 8.3 In order to gain more context around the policies, the team have also communicated with other Local Authorities whom already have the policies in place. The findings were as follows:
- They are not 'council' policies they are policies solely for the lottery operation. The council will have policies as a regulating body but this activity is regulated by the Gambling Commission not the council.
- 8.4 If approved, the following process will be followed and led by the Commercial team with the assistance of Gatherwell:
- Approval at Cabinet to proceed with the application and adoption of policies - 29 June 2021
  - Notify Gatherwell of decision and proceed with Gambling Licence application
  - Submit application – 30 June 2021
  - Await application results – Approximately 20 October 2021
  - North Hertfordshire Community Lottery launch event – November 2021
  - North Hertfordshire Community Lottery first draw - January 2022
- 8.5 Copies of the policies outlined have been provided to the relevant Executive Members.

## **9. LEGAL IMPLICATIONS**

- 9.1. Following Cabinet approval on the 15 December 2020 to approve the concept in principle of the establishment of a Community Lottery, a Single Tender was conducted to directly appoint Gatherwell as the external lottery manager.
- 9.2. The entering into such contracts must comply with the Council's Contract Procurement Rules (CPRs) and Rule 14 of the CPRs sets out the circumstances in which a Single Tender can be considered.

- 9.3. Single tenders fall under Rule 14 of the Contract Procurement Rules, and it is rule 14.1 c) (i)(ii) that was relied upon by the Commercial team when seeking the Single Tender: “c) Specialist consultants, suppliers, agents or professional advisors are required and: (i) Evidence that there is no satisfactory alternative; or (ii) evidence indicates that there is likely to be no genuine competition.” Consequently, a direct award was made to Gatherwell to operate the Community Lottery on behalf of North Hertfordshire District Council.
- 9.4. The term of the contract would be three years and a forecast total contract value for this term is £19.4k. This includes the initial fee of £5k and Gatherwell’s fee from each *anticipated* ticket sold (based on 2000 tickets a month).
- 9.5. Local Authority Lotteries are regulated by the Gambling Act 2005 and licenced by the Gambling Commission. Consideration will need to be given to all licencing requirements and policies/guidance necessary in the delivery of a community lottery.
- 9.6. Section 257 of the Gambling Act 2005 defines an ELM as a person that makes arrangements for a lottery on behalf of a society or authority of which he is not—  
(a) a member,  
(b) an officer, or  
(c) an employee under a contract of employment.
- 9.7. The Licence Conditions and Codes of Practice of the Gambling Commission sets out the requirements that must be met in order to hold an operating and personal licence and all such requirements must be met.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The projected net expenditure/income to the Council will not be realised and would be deferred. The launch which was originally planned towards the end of the 2020/21 financial year and was expecting to see net expenditure in 2021/22 of £3.2k. However the initial fee of £5k to Gatherwell has been paid so the projected net income for 2021/22 would be £1.8k. Followed by net income of £4.5k, £7.3k, £10k, £12.9k from 2022/23 up to 2026/27 and beyond.
- 10.2 The projections highlighted above will be pushed back to 2022/23.

## **11. RISK IMPLICATIONS**

- 11.1 There are no direct risk implications relating to the recommendation in Paragraph 2.1, as approval of the new policies enables the previously approved concept of a North Hertfordshire Community Lottery to progress. However, if implementation of the new policies is not approved, this will lead to a failure to gain a lottery licence from the Gambling Commission and subsequently, a failure to deliver a North Hertfordshire Community Lottery. As a result, the identified benefits to the Council and Voluntary and Community Sector groups associated with the project will not be realised.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no direct equality implications arising from this report. One of the three objectives of the Gambling Act 2005 is to protect children and other vulnerable people from being harmed or exploited by gambling'. The promotion of the Gamble Aware via any External Lottery Manager and the Licence Holder will seek to mitigate any adverse and disproportionate impacts on vulnerable groups.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. As the recommendations in the report relate to a contract below £50,000 the "go local" policy has not been applied for the following reason: There is no local provider able to deliver a suitable alternative.

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 None identified other than staffing requirements detailed in the body of the report.

## **16. APPENDICES**

- 16.1 Appendix A1 – A9 - Gatherwell policies

## **17. CONTACT OFFICERS**

- 17.1 Jess Wallis, Commercial Team Leader, ([jess.wallis@north-herts.gov.uk](mailto:jess.wallis@north-herts.gov.uk))
- 17.2 Chloe Gray, Commercial Manager, ([chloe.gray@north-herts.gov.uk](mailto:chloe.gray@north-herts.gov.uk) / ext 4223)
- 17.3 Steve Crowley, Service Director – Commercial, ([steve.crowley@north-herts.gov.uk](mailto:steve.crowley@north-herts.gov.uk) / ext 4211)
- 17.4 Reuben Ayavoo
- 17.5 Helen Rae
- 17.6 Isabelle Alajooz, Legal Commercial Manager, ([Isabelle.Alajooz@north-herts.gov.uk](mailto:Isabelle.Alajooz@north-herts.gov.uk))
- 17.7 Jeanette Thompson
- 17.8 Shah Mohammed, Group Accountant ([shah.mohammed@north-herts.gov.uk](mailto:shah.mohammed@north-herts.gov.uk))
- 17.9 Tim Everitt, Performance and Risk Officer ([tim.everitt@north-herts.gov.uk](mailto:tim.everitt@north-herts.gov.uk))

## **18. BACKGROUND PAPERS**

Copies of the relevant policies can be made available upon request.

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North Herts Community Lottery – Glossary of Acronyms

LCCP	Licence Conditions and Codes of Practice
CAP	The UK Code of Non-Broadcast Advertising and Direct & Promotional Marketing
BCAP	The UK code of Broadcast Advertising
ELM	External Lottery Manager
RTS	Remote Technical Standards

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Policy Name	Children and Vulnerable Persons Protection Policy
Policy Purpose	Ensuring that children and other vulnerable persons, will be protected from being harmed or exploited by gambling.
Policy Created By	XXXXXXXXXX
Policy Created date	May 2018
Policy Validated and Checked By	XXXXXXXXXX
Policy Validated and Checked Date	May 2020
Policy Renewal Date	May 2021

## Policy Detail

1. NORTH HERTS DISTRICT COUNCIL understands its requirements as part of the LCCP and takes its responsibilities to the protection of children and vulnerable persons very seriously.
2. NORTH HERTS DISTRICT COUNCIL understand that there is a legal requirement to prevent the sale of lottery tickets to under 16's.
  - 2.1. All payers need to self-validate their age through both a positive tick box confirming they are over 16 and date of birth validation.
  - 2.2. To ensure compliance with this requirement, spot checks are taken of new players of the lotteries and are subjected to further age verification validation.
  - 2.3. As a final check before any jackpot prizes are issued, secondary age validation is also sought (passport, driving licence etc).
3. To ensure players are aware of the age limitations,
  - 3.1. Clear statements will be displayed on the various websites relating to the required age to play and the minimum age requirement is also highlighted in the terms and conditions that the player signs up to at registration.
  - 3.2. In addition, NORTH HERTS DISTRICT COUNCIL have enabled their websites to permit filtering software to be used by adults (such as parents or within schools) in order to restrict access as relevant.
4. Should it come to pass that the age verification checks proved inaccurate and someone underage has gambled, then the user account would be suspended and monies returned.
5. Marketing falls into two areas:-
  - 5.1. Firstly, in encouraging good cause participation (where there is a low risk of exposure to children and vulnerable people) and
  - 5.2. Secondly in the development of materials that support participation of the individual lotteries.
    - 5.2.1. In this area generic marketing materials are used which can be tailored to deliver a marketing package to each individual good cause to help them market their lotteries
  - 5.3. To ensure compliance with the Advertising Codes of Practice and Gambling Industry Code for Socially Responsible Advertising, advertising materials will regularly be submitted to the Committee of Advertising Practice (CAP) and The Broadcast Committee of Advertising Practice (BCAP) for approval
6. As recruitment is undertaken to fill vacancies, if exposed to the direct selling of tickets then
  - 6.1. Applicants will need to be of a legal age to do so. And educated on the legal requirement to not sell tickets to children under the age of 16.
7. Player accounts require validation and set up.
  - 7.1. In the instances of direct debit the Direct Debit Guarantee ensures a time lag between ticket purchase and the first draw.
  - 7.2. As draws take place once per week, ticket purchases are therefore not capable of being purchased for immediate play and
  - 7.3. for internal process reasons even debit card payments cannot facilitate instant play into a draw for that week and a minimum of one days lag will be effective.

- 7.4. The combination of these factors does ensure it limits the capability to facilitate instant gambling and therefore significantly reduces the risk of gambling whilst under the influence of drink or other substances.



Policy Name	Fair and Open Gambling Policy
Policy Purpose	Ensuring that gambling will be conducted in a fair and open way.
Policy Created By	XXXXXXXXXX
Policy Created date	January 2017
Policy Validated and Checked By	XXXXXXXXXX
Policy Validated and Checked Date	January 2020
Policy Renewal Date	January 2021

## Policy Detail

1. NORTH HERTS DISTRICT COUNCIL are committed to complying with the Gambling Act 2005, The Gambling Commissions LCCP, Lotteries Council Code of Conduct and The CAP and BCAP code.
2. NORTH HERTS DISTRICT COUNCIL utilise the services of Gatherwell Ltd who are an external lottery management company ensuring that the lottery is delivered on a financially sound basis as: -
  - 2.1. The financial structure of the lottery ensures that revenues are received prior to the running of any draw.
  - 2.2. Each draw is self-funded in terms of the liabilities that then arise (prizes, good cause donations etc).
  - 2.3. No players' tickets will be included in the draw unless cleared funds have been secured.
  - 2.4. The prize fund and good cause donations are calculated on a % basis of the revenue pot therefore ensuring sufficient funds will always be in place.
  - 2.5. Jackpot prizes are funded through an underwritten insurance policy provided by a reputable underwriter established in the UK, again paid for as a % of each entry.
3. All terms and conditions are available for participants on the various websites of the NORTH HERTS DISTRICT COUNCIL lottery, including the main [www.north-herts.gov.uk](http://www.north-herts.gov.uk) website.
  - 3.1. As part of the sign-up process for new participants, new participants are asked to agree acceptance of the terms and conditions at the time of signing up. New accounts cannot be created unless the terms and conditions are accepted.
  - 3.2. Participants will be advised of changes to the terms and conditions via pop ups on the website. In exceptional circumstances, all participants can be emailed a link to advise them of the new terms and conditions.
4. Our terms and conditions detail the complaints procedure should participants need to raise any issues or concern, both internally at NORTH HERTS DISTRICT COUNCIL and externally though the use of an independent arbiter should resolution not be found.
5. No loyalty or reward schemes are being offered.
6. Section 257 of the Gambling act 2005 highlights that "A person acts as an external lottery manager for the purposes of this Act if he makes arrangements for a lottery on behalf of a society or authority of which he is not:
  - (a) a member,
  - (b) an officer, or
  - (c) an employee under a contract of employment.
  - 6.1. As such Gatherwell ask its board and staff to declare any conflict of interest in any potential target clients, in addition to the specific requirement to comply with the law as stated above for existing clients.
7. Gatherwell Ltd holds responsibility for ensuring that all technical solutions remain within scope of the law.
  - 7.1. These include testing procedures for both existing, upgraded and new software propositions.

- 7.2. Ensuring that all servers are located in the UK.
- 7.3. Software protocols and administrator access is limited to core personnel.
- 7.4. All contractors and third party suppliers are advised of our standards before they are allowed to deliver technical support. Access is limited to the scope of their work and monitored and logged accordingly.



Policy Name	Implementation of Procedures Policy
Policy Purpose	The Process for Implementing North Herts District Council policies and procedures.
Policy Created By	XXXXXXXXXXXXXX
Policy Created date	January 2017
Policy Validated and Checked By	XXXXXXXXXXXXXX
Policy Validated and Checked Date	January 2020
Policy Renewal Date	January 2021

## Policy Detail

1. NORTH HERTS DISTRICT COUNCIL takes its legal responsibilities very seriously and requires that all officers and staff are aware of their legal obligations in running a successful and legally compliant lottery.
2. New Starters
  - 2.1. All new starters will be given legal training as part of the induction process. The level and depth is dependent on role but covers:
    - 2.1.1. The Gambling Act 2005
    - 2.1.2. LCCP
    - 2.1.3. CAP and BCAP
    - 2.1.4. Data Protection
    - 2.1.5. Plus the process for highlighting any evidence of non-compliance.
3. Existing Staff
  - 3.1. All officers are aware of their legal responsibilities and compliance is a regular agenda item at review meetings.
  - 3.2. Annual refresher courses for staff will be run to maintain knowledge and compliance.
  - 3.3. Ad-hoc on the job training forms part of the development of staff and focus areas for development are identified during the annual appraisal process and regular review process.
4. Training records will be kept as part of the personnel record of individuals and a register of key training delivered and renewal dates kept.
5. Training will be delivered in conjunction with our ELM Gatherwell Ltd.



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Policy Name	Protection From Source of Crime & Disorder Policy
Policy Purpose	Ensuring that North Herts District Council will be protected from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.
Policy Created By	XXXXXXXX
Policy Created date	January 2017
Policy Validated and Checked By	XXXXXXXX
Policy Validated and Checked Date	January 2020
Policy Renewal Date	January 2021

## Policy Detail

1. This Policy is beholden to the Proceeds of Crime Act 2002 (see <http://www.legislation.gov.uk/ukpga/2002/29/contents>) & The Anti Money Laundering (AML) Regulations
  - 1.1. Proceeds of Crime Act 2002 : - *“An Act to establish the Assets Recovery Agency and make provision about the appointment of its Director and his functions (including Revenue functions), to provide for confiscation orders in relation to persons who benefit from criminal conduct and for restraint orders to prohibit dealing with property, to allow the recovery of property which is or represents property obtained through unlawful conduct or which is intended to be used in unlawful conduct, to make provision about money laundering, to make provision about investigations relating to benefit from criminal conduct or to property which is or represents property obtained through unlawful conduct or to money laundering, to make provision to give effect to overseas requests and orders made where property is found or believed to be obtained through criminal conduct, and for connected purposes.”*
  - 1.2. The AML Regulations require relevant businesses to:
    - put in place procedures to verify the identity of customers on entering into a business relationship or transaction and to carry out ongoing monitoring during the business relationship.
    - keep records obtained in establishing customers’ identities and of business relationships for five years.
    - train employees in the relevant procedures and law.
    - appoint a nominated officer whose role includes reporting to NCA, or its successor, suspicions of money laundering activity.
    - put in place and maintain policies and procedures to cover the requirements listed above.
2. North Herts District Council is a professional operation and takes its responsibilities to ensure all players of their society lottery are operating within the law very seriously.
3. North Herts District Council employ the services of Gatherwell Ltd, a remote external lottery management company, and therefore mainly take transactions electronically though either Direct Debit or debit card. No cash payments can be used for payment, mitigating the chance for the passing of counterfeit money.
4. A number of safeguards are in place to validate players’ identities as part of the account verification process. Additionally, safeguards are in place to ensure that ticket purchases are not excessive, therefore mitigating the risk of money laundering. If players tried to purchase excessive tickets, then the system controls built into the software algorithms will advise the player that they have exceeded the number of tickets possible and stop the transaction.
5. The software resides on secure servers. These reside behind encrypted firewalls and offer bank level security protocols in the transfer of electronic data. Additionally, they are situated in a secure data centre managed by disclosure and baring checked staff.
6. All transactions for the software will have full audit trails of every transaction made including timestamps. These audit trails will ensure that should any suspicious activity be identified a full investigation by Gatherwell Ltd staff or law enforcement bodies can be undertaken.

7. In an effort to minimise the risk of fraudulent behaviour and demonstrate impartiality throughout, the main lottery draw each week takes the results from an independently drawn lottery (currently identified as the Australian Super 66). This ensures no fraudulent activity can be taken in the generation of the winning set of numbers for the draw. To ensure compliance at an entry level into the system, these numbers will need to be entered separately by two of the directors of the business each week. The smaller local level prizes are generated based on a random ticket selection from existing purchased tickets by an algorithm within the software.
8. Whilst by its definition a lottery is a random game of chance and therefore offers little opportunity for collusion or cheating, any suspicion of malpractice will result in the immediate blocking of the users account.
9. Any evidence of illegal behaviour by staff will initiate a full investigation, during which time the member of staff will be suspended from duties to ensure the full protection of the players, staff and reputation of the business.
10. All companies who provide fundamental services in the provision of the service (e.g. Direct Debit Bureaus, age verification service providers, prize fund insurance etc) undergo rigorous validation in terms of their suitability, credibility and reputation. This includes full financial health checks and references where required.



Policy Name	Remote Technical Standards Policy
Policy Purpose	Policy to address the requirements set out in the GC's Remote Technical and Gambling Standards
Policy Created By	Ben Speare
Policy Created date	July 2019
Policy Validated and Checked By	Martin Woodhead
Policy Validated and Checked Date	October 2020
Policy Renewal Date	October 2021

## Remote Technical Standards

The Gambling Commission Remote Technical and Gambling Standards document can be found at <https://www.gamblingcommission.gov.uk/PDF/Remote-gambling-and-software-technical-standards.pdf>

In the document, Annex A states that the following RTS apply to subscription lotteries:

- RTS 2 – Displaying transactions
- RTS 3 – Rules, game descriptions and likelihood of winning
- RTS 5 – result determination
- RTS 6 – Result determination for play for free games
- RTS 7 – Generation of random outcomes
- RTS 13A – Time requirements
- RTS 14 – Responsible product design

**NB. Please note the lottery will be hosted on Gatherwell's lottery system and therefore all answers to RTS defer to the Gatherwell platform.**

### ***RTS 2 - Displaying transactions***

Transaction values are displayed to all players through the checkout process and on the players account. In addition, players are emailed post purchase with confirmation of the transaction including value and number of draws entered.

### ***RTS 3 - Rules, game descriptions and likelihood of winning***

All game rules are clearly displayed on the website. Players must positively confirm their acceptance of the terms at account creation stage.

Game rules detail the method for winning, % split of the entry price, winning odds and prize structure.

### ***RTS 5 – result determination***

As referenced in the game rules the results for the lottery are generated in a clear and transparent way with alternative methods for generating winning combinations also outlined in the instance the primary method cannot be completed.

### ***RTS 6 – Result determination for play for free games***

In the instance where play for free games are offered, the same rules apply for tickets irrelevant of whether entry was via a purchased chance or free entry.

### ***RTS 7 - Generation of random outcomes***

Results for the lottery are generated in a clear and transparent way. Where £25,000 jackpot prizes are offered, the use of an independently verifiable draw are taken (normally the Australian Super 66) to generate winning combinations.

Gatherwell also use Random.org to generate winners in raffle based draws.



### *RTS 13A – Time requirements*

Entry into the draws is time dependent, with cut off into the weekly draw being at 11.59pm on the Friday evening prior to the Saturday draw.

### *RTS 14 - Responsible product design*

The Gatherwell platform is designed to encourage participation to support good causes in the objective of fundraising. As such the design of the site is intended to drive positive behaviours and not stretch individuals beyond their means or encourage irresponsible behaviours.

There are appropriate age restriction messaging and account signup protocols as well as signposts to appropriate support organisations and self-exclusion policies should gambling be a problem.

### **Security Requirements**

The lottery is being hosted on Gatherwell's lottery system and as such we will rely on Gatherwell's information security policies, processes and procedures. We are aware of Gatherwell's responsibility to be independently audited annually for their remote security and given we do not host the lottery ourselves, will rely on their security audit (normally completed in May each year).

On completion of their audit we will ensure we are aware of the published content and recommendations and present the information to the Gambling Commission as part of our required audit considerations annually.

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Policy Name	Social Responsibility in Gambling Policy
Policy Purpose	Ensuring the promotion of social responsibility in gambling.
Policy Created By	XXXXXXXXXX
Policy Created date	January 2017
Policy Validated and Checked By	XXXXXXXXXX
Policy Validated and Checked Date	January 2017
Policy Renewal Date	January 2018

## Policy Detail

1. North Herts District Council is aware of its social responsibility to protect individuals from excessive and addictive gambling.
2. Limits are in place to ensure individuals cannot buy excessive numbers of tickets;
  - 2.1. This therefore restricts the capability for individuals to gamble beyond their means or gamble what they cannot afford.
  - 2.2. These limits will be monitored to see how many players reach them and may be reduced correspondingly if required.
  - 2.3. These limits are clearly highlighted at the point of purchase online.
3. Accounts require validation and set up.
  - 3.1. In the instances of direct debit the Direct Debit Guarantee ensures a time lag between ticket purchase and the first draw.
  - 3.2. As draws take place once per week, ticket purchases are therefore not capable of being purchased for immediate play and,
  - 3.3. for internal process reasons even debit card payments cannot facilitate instant play into a draw for that week and a minimum of one days lag will be effective.
  - 3.4. The combination of these factors does ensure it limits the capability to facilitate instant gambling and therefore significantly reduces the risk of gambling whilst under the influence of drink or other substances.
4. It is not possible to borrow money or be entered for lottery draws unless cleared funds have been accepted. No exceptions will be made to this position.
5. The system data provides facilities to track major changes in the lottery participation. Any significant outliers in the numbers of tickets will be investigated as part of ongoing assessments on the correct levels for ticket participation.
6. A process for self-exclusion from lottery participation exists to allow anyone to self-exclude themselves from all propositions (existing or future).
7. Links to the support websites ([www.gamcare.org.uk](http://www.gamcare.org.uk) & [www.Gambleaware.co.uk](http://www.Gambleaware.co.uk)) plus the National Gambling Helpline are made available on the website to direct anyone to help and support should they need help from gambling addictions. North Herts District Council are also a contributing member to their research and support through membership of the lotteries council.



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## Complaint Procedure

Your feedback is important to us

At North Herts Community Lottery, we always aim to provide the highest possible standards of service. If you feel at any time that the service you have received is below the expected level, then we would like to hear from you. Please find details of our complaints procedure below:

You can contact North Herts Community Lottery directly via the following methods:

By email

**Email Address TBC**

By post

North Herts Community Lottery  
Gatherwell Ltd  
PO Box 888  
Oxford  
OX1 9PS

We aim to respond to all written complaints within five working days of receipt.

By phone

Please call us on: **Telephone Number TBC**

In the unlikely event that you feel your complaint has not been resolved to your satisfaction; you can request that it be escalated to a Senior Manager for review. We aim to respond to escalated complaints within 10 working days.

As a final stage, we offer a process of Alternative Dispute Resolution (ADR) through an independent arbiter. All costs associated to this process are paid for by North Herts Community Lottery.

The nominated independent ADR is:

Independent Betting Adjudication Service  
PO Box 62639  
London  
EC3P 3AS

North Herts Community Lottery is regulated by the Gambling Commission Licence Number XXX-XXXXXX-X-XXXXXX-XXX.

If you feel that we have not dealt with your complaint properly or that we have not followed our own published complaints procedure, you can complain to the Gambling Commission about our failure to operate a proper complaints process.

The Gambling Commission is a regulator and not a complaint handling body and they will not investigate the facts of your complaint, nor will they alter the decision that we have made in our internal complaints process. The Commission reviews whether we have adhered to the terms of our operating licence. It does not investigate consumer complaints, rule on prize disputes, pay compensation or provide legal advice.

The contact details of the Commission are as follows:

Consumer Protection  
Gambling Commission  
4th Floor  
Victoria Square House  
Victoria Square  
Birmingham  
B2 4BP

Telephone: [0121 230 6666](tel:01212306666)

Email: [info@gamblingcommission.gov.uk](mailto:info@gamblingcommission.gov.uk)

## Terms & Conditions

### Disclaimer

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### Playing Responsibly

North Herts Community Lottery makes every effort to behave in a socially responsible manner. It is illegal for anyone under 16 to play North Herts Community Lottery and we have measures in place to ensure we do everything in our power to control underage playing. North Herts Community Lottery is an incentivised means of supporting good causes. However, before entering into any scheme which involves speculative spending, you are advised to remember the following:

- Don't think of gambling as a way to make money
- Only gamble with money you can afford to lose
- Set a money limit in advance
- Never chase your losses
- Don't gamble when you're depressed or upset
- Balance gambling with other activities

If you think you may have a problem with gambling, contact the National Gambling Helpline confidentially on [0808 8020 133](tel:08088020133). Alternatively, visit the website at <http://www.gambleaware.co.uk/>.

#### Self Exclusion Policy

We offer a Self Exclusion facility specifically for those customers for whom gambling has become a serious problem and who wish to restrict their gambling with North Herts Community Lottery.

By entering into a Self Exclusion agreement with North Herts Community Lottery you will be prevented from using your account for a minimum period of 6 months up to 5 years (with the option of extending this if you wish). We will close your account and return any outstanding funds held in your name.

During this period of self-exclusion North Herts Community Lottery will not distribute any promotional emails and do all we can to prevent new accounts being opened. When the exclusion period ends we won't contact you to ask if you would like to reinstate your account.

In order to facilitate gambling again, after the exclusion period you will need to contact the support team on **Telephone TBC** to begin the process of unlocking your account. There will be a 24 hour cooling off period at the end of which your account will be unlocked.

If you wish to proceed with our Self Exclusion Agreement, then please contact the support team either by telephoning **Telephone TBC** or by emailing **Email TBC**

confirming the following details:

- Your account number/ username and or email address
- Your Full Name
- Your Date Of Birth
- Please title your email – SELF EXCLUSION

If you think you may have a problem with gambling, contact the National Gambling Helpline confidentially on [0808 8020 133](tel:08088020133). Alternatively, visit the website at <http://www.gambleaware.co.uk>. Software is available to prevent an individual computer from accessing gambling internet sites more information can be found [here](#)

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Cookies are very small text files that are stored on your computer when you visit some websites.

We use cookies to help identify your computer so we can tailor your user experience, track shopping basket contents and remember where you are in the order process.

You can disable any cookies already stored on your computer, but these may stop our website from functioning properly.

**The following is strictly necessary in the operation of our website.**

This website will:

- Remember that you are logged in and that your session is secure. You need to be logged in to complete an order.

The following are not strictly necessary, but are required to provide you with the best user experience and also to tell us which pages you find most interesting (anonymously).

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- Track the pages you visit via Google Analytics.

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- Share any personal information with third parties.

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## The Rules of North Herts Community Lottery

### 1. Introduction

1.1 North Herts Community Lottery ("the Lottery") will be operated as a Local Authority Lottery under the Gambling Act 2005 as amended ("the Act")

1.2 The Lottery is promoted by The Royal Borough of Kingston upon Thames and conducted for the benefit of the good causes listed from time to time as participating good causes.

1.3 The Lottery is administered by Gatherwell Ltd, PO Box 888 Oxford OX1 9PS, acting for The Royal Borough of Kingston upon Thames as the participating Society.

1.4 Gatherwell is certified as an External Lottery Manager ("ELM") by the Gambling Commission (000-036893-R-317859-002)

### 2. Definitions

"Act" The Gambling Act 2005

"Lottery" North Herts Community Lottery

"Draw" The process by which winners are selected

"Gatherwell" Gatherwell Ltd

"Member" An individual who has registered with the Lottery

"Rules" The rules of the Lottery as set out below and amended from time to time

"Chance" The entry into the Lottery

"Society" The Royal Borough of Kingston upon Thames which participate and promote the Lottery from time to time

"Promoter" The registered promoter of the lottery for The Royal Borough of Kingston upon Thames

"Game Number" The six digit number unique to each Member used to identify individual Chances which are entered into the Lottery

"Winning Number" The number as explained in Rule 9.1

### 3. Entry into the Lottery

3.1 The Lottery is promoted in accordance with the Gambling Act 2005 as amended ("the Act"). In order to comply with the Act, during the purchase of Lottery Chances you will be required to confirm that:

(a) You are at least 16 years of age

(b) You are resident in Great Britain

(c) You will not buy or claim to buy lottery chances on behalf of any other person

3.2 If, upon winning any prize in the Lottery, you are not able to prove that you have met the criteria specified in Rules 3.1 (a), (b) and (c) above then you will not be entitled to receive that prize.

3.3 In order to comply with the Act, lottery chances that have been purchased are prohibited from being subsequently refunded.

3.4 By entering into the Lottery, you agree to be bound by the Rules, and applicable provisions of the Act and any relevant regulations made there under from time to time. The Society shall not be liable for any loss or damage (including loss of the opportunity to enter the Lottery and / or the right to receive a prize) suffered by you if you have not complied with the Rules. The Rules may be amended by Gatherwell from time to time.

### 4. Registration with the Lottery

4.1 You can only enter the Lottery by registering with the Lottery via the completion of an application form which will be published in a variety of forms from time to time.

4.2 Registration will require you to provide the following information:



(a) Your name and address, so that we can write to you to confirm your entry into the lottery and contact you if you have won a prize.

(b) Confirmation that you are over 16 years of age, in order to ensure compliance with the Act.

(c) The number of Chances in the Lottery you wish to purchase

4.3 You will also be asked to provide the following information:

(a) Your date of birth

(b) Your e-mail address

4.4 You will also be required to provide information relating to the purchase of your Chances. Payment may be made via the following methods and the relevant information will vary depending upon the payment method.

(a) Direct Debit - Information required will include your bank or building society details together with an instruction to such bank or building society to make payments by Direct Debit

(b) Debit Card - Information required will include card number, expiry date and card security number

(c) Any other made method made available by Gatherwell from time to time - The information required will depend upon the payment method

4.5 Gatherwell shall be entitled to take any steps necessary to verify the above information and to process your registration. Gatherwell may (in its absolute discretion) refuse to accept an application for an individual to become a Member of the Lottery.

4.6 Following registration Gatherwell will send you confirmation of your entry. If you have chosen to pay by Direct Debit you will receive an Advance Notification Letter.

4.7 It is your responsibility to ensure that the personal information you provide to us is accurate.

4.8 If you discover any error in your name, address or any other details provided to Gatherwell as part of your registration, when you receive your confirmation, then you must correct this by notifying Gatherwell in writing or by e-mail. Gatherwell will make any required corrections as soon as reasonably possible. Gatherwell shall not be liable for any loss or damage (including loss of the opportunity to enter the Lottery and / or the right to receive a prize) suffered by you until such correction has been made. Any correction notified to Gatherwell shall only become effective once the correction has been made.

4.9 Each Game Number is unique to you. When registering for tickets, you will have the choice of selecting a 6 digit number yourself or allowing a randomly generated number to be allocated to you. You may subsequently amend this Game Number, if you wish, at any time.

## 5. Payment

5.1 Payment for Chances may be made by the following methods:

(a) Direct Debit

(b) Debit Card

(c) Any other method made available by Gatherwell from time to time

5.2 Payment for Chances are made directly to Gatherwell. Therefore:

(a) Direct Debit payments will be referenced as either Gatherwell or North Herts Community Lottery on your bank statement.

(b) Any other method made available by Gatherwell from time to time would also be referenced as or be payable to Gatherwell or North Herts Community Lottery on any appropriate documentation.

5.3 The price for each Chance is £1 or such other sum as Gatherwell may from time to time notify to you.

5.4 Your Chances and therefore associated Game Number(s) will not be entered into the Draw unless Gatherwell has received all amounts payable (cleared funds) relating to your Game Numbers relating to your Chances by 23:59 on the Friday of that week's draw. If there is a dispute regarding

whether Chances have been paid for, then such dispute shall be resolved by reference to details included in official statements from the bank with which the Gatherwell's bank accounts operate.

5.5 Direct Debit payments will be entered into the first available draw 3 working days after the collection has been made from your bank account. You will be notified of your first draw date by email.

5.6 You may cancel your entry into the Lottery by notifying Gatherwell in writing or by e-mail (or via any other methods specified by Gatherwell from time to time). Upon receipt of this notice Gatherwell will;

(a) Cancel future Direct Debit payments as soon as is reasonably practicable.

(b) In accordance with the Act and as described in Rule 3.3 any payments made prior to such cancellation taking effect but which have not been used to pay for Chances in previous Draws will be used to pay for entry for your Chances into future Draws.

5.7 Gatherwell may cancel your entry into the Lottery (in its absolute discretion) at any time. Gatherwell will notify you accordingly as soon as reasonably practicable and will reimburse any amounts which have been paid but relate to future Draws. Other than the reimbursement of any such amounts, Gatherwell shall not be liable for any loss or damage (including loss of the opportunity to enter the Lottery and / or the right to receive a prize) suffered by you in relation to such cancellation.

## 6. Protection of customer funds

6.1 Gatherwell transfer customer funds within 14 working days of receipt into a separate client account on behalf of the societies we act for and these funds are transferred to the Society on a regular basis. All remote operators licensed by the Gambling Commission have an obligation to hold separate accounts for proceeds. This is to protect the player in the event of an insolvency incident. Gatherwell have assessed that they offer a 'Medium' rated level of protection as classified by the gambling commission <http://www.gamblingcommission.gov.uk/for-the-public/Your-rights/Protection-of-customer-funds.aspx>

## 7. Ticket Numbers

7.1 Ticket numbers can be chosen at the time of purchase, either by self-selection or by a "Choose for me" option where a random combination will be selected.

7.2 Ticket Numbers can be amended at any time, however for the avoidance of doubt ticket numbers amended after 23.59 on the Friday prior to a draw will not become effective until after the next draw has concluded.

## 8. Changes to Member Details

8.1 Any changes to your details as provided by you upon registration should be notified to Gatherwell in writing or by e-mail. Changes to the bank or building society specified during registration will require the completion of a new Direct Debit Instruction. Further information regarding this can be obtained from Gatherwell upon request.

## 9. Draws

9.1 The Draw process is based upon the results of the Australian National Lottery Super66 game, as published on the Lottery West website ([www.lotterywest.wa.gov.au](http://www.lotterywest.wa.gov.au)). The Winning Number for each weekly draw shall be the six digit number generated as follows:

(a) the Winning Number shall be the six digits (in the same order) of the Australian National Lottery Super66 draw which takes place on the Saturday night of the same week.

9.2 In order to comply with the Act only those Chances for which payment has been received are eligible for entry into the Draw.

9.3 In the event that the Super66 draw as described in Rule 9.1 does not occur or is declared void on a single occasion then the Winning Number shall be determined in the same way but from an alternative lottery game. Details of such an occurrence will be published on the Lottery website.

9.4 In the event that the Draw process in Rule 9.1 ceases to occur or is subject to fundamental change which prevents a Winning Number being selected then Gatherwell reserves the right to select an alternative Draw process. Such an alternative Draw process would be selected on the basis that the basic principles of the Draw as described in Rule 9.1 would continue and the basic principles of how winners would be selected would continue as described in Rule 10. Such changes will be published on the Lottery website.

9.5 Gatherwell and the Lottery are not related in any way to the Australian National Lottery, the National Lottery, Camelot Group PLC or any other organisation involved in the operation of the National Lottery.

9.6 The winning probabilities for prizes are as follows:

Number of matches	Matching patterns*	Odds
6	NNNNNN	1,000,000:1
5	NNNNNn or nNNNNN	55,556:1
4	NNNNnn or nnNNNN	5,556:1
3	NNNnnn or nnnNNN	556:1
2	NNnnnn or nnnnNN	56:1

\*N is a match, n is not. So NNNNNN is 6 matches and nnnnnn is no matches

## 10. Prizes

10.1 Prize winners will be determined by whether a Members Game Number relating to a Chance in the Lottery matches the Winning Numbers as described in Rules 9.1 and 9.6 dependent that the Chance relating to the Game Number in question complies with Rules 9.2.

10.2 Prizes are issued as follows:

Number Of Matches	Prize
6	£25,000
5	£2,000
4	£250
3	£25
2	3 extra tickets

10.3 The promoter reserves the right to amend the prize structure at any time. Any such changes will be published on the Lottery website at least one month prior to a change being made.

10.4 Each Game Number shall only be entitled to win one prize in one Draw. The prize won will relate to the highest value prize.

10.5 The results of each Draw will be published on the Lottery website within one week of the date of the draw and may also be published in any other manner determined by Gatherwell Ltd from time to time.

10.6 Winners will be notified by email within two weeks of the date of the draw. Such notification will include a link to claim the prize to the value of the prize won by the Member.

10.7 Gatherwell reserves the right to withhold the payment of any prize until it is entirely satisfied that the Member who has won the prize has fully complied with the Rules.

10.8 If, upon winning any prize in the Lottery, you are not able to prove that you have met the criteria specified in Rules 3.1 (a), (b) and (c) above then you will not be entitled to receive that prize.

10.9 There are no alternatives to the prizes offered from time to time and no interest is payable.

10.10 Any unclaimed prizes will be re-credited to the Gatherwell main account after a period of six months has elapsed.

## 11. Suspension of the Lottery

11.1 The promoter may (at its absolute discretion) suspend the Lottery for any period of time. During such period, Gatherwell shall:

(a) Suspend Direct Debit payments from your bank or building society account as soon as reasonably practicable, and;

(b) Retain any amounts which were paid prior to such suspension taking effect that have not been used to pay for chances in previous Draws.

You will be notified of further details regarding the resumption of the lottery or otherwise as soon as reasonably practicable after the date of suspension in writing.

## 12. Liability

12.1 Neither Gatherwell nor any of the Societies participating in the lottery from time to time shall be liable to you for any loss or damage suffered by you arising from:

(a) Any delays or failures in the postal service or other delivery methods used by Gatherwell or you from time to time.

(b) Any delays or failures in any systems used by Gatherwell or you to transmit e-mails.

(c) Any failure in any software or other systems used by Gatherwell for the administration of the Lottery.

(d) Any delays of failures in the banking system used by Gatherwell or you.

(e) Any refusal by Gatherwell to accept registration of an individual as a Member or the cancellation of a Member by Gatherwell.

(f) Any failure to enter your Chance into the Draw.

(g) Any event beyond the reasonable control of Gatherwell.

12.2 Neither Gatherwell nor any of the Societies participating in the lottery from time to time shall be liable to you in contract, tort, negligence or otherwise for any indirect or consequential loss suffered by you in relation to your participation in the Lottery (including loss of the opportunity to enter the Lottery and / or the chance of winning a prize).

### 13. Complaints

13.1 Please see our Complaint Procedure.

### 14. Contact Address

14.1 All correspondence should be sent to the following address:

North Herts Community Lottery

Gatherwell Ltd

PO Box 888

Oxford

OX1 9PS

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**SUPPLEMENTARY PAPER - CABINET  
20 JULY 2021**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: NORTH HERTFORDSHIRE COMMUNITY LOTTERY – NEW POLICIES**

REPORT OF THE COMMERCIAL MANAGER AND SERVICE DIRECTOR - COMMERCIAL

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR ENTERPRISE, THE ARTS AND TRANSPORT

COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

**1 BACKGROUND**

1.1 Overview and Scrutiny discussed the North Hertfordshire Community Lottery and the proposed new policies at its meeting 22 June 2021. The following were recommended to Cabinet: -

- (1) That the age limit for playing the North Hertfordshire Community Lottery should be raised from 16 to 18, should legislation allow;
- (2) That consideration be given to putting a policy in place which would limit any one person to buying no more than £10 worth of tickets per week;
- (3) That the concerns and issues raised by the Overview and Scrutiny Committee, as detailed in the minutes of the Committee held on 22 June 2021, be taken into account when making its final decision on adopting these policies and the lottery.

**REASON FOR DECISIONS:** To enable the Overview and Scrutiny Committee to comment on the report entitled North Hertfordshire Community Lottery – New Policies prior to consideration by Cabinet.

1.2 This paper will cover the points that Overview and Scrutiny have recommended and research that officers have undertaken following this committee.

**2. Recommendation 1 - MINIMUM AGE LIMIT**

2.1 Officers have spoken to Gatherwell (appointed External Lottery Manager) and can confirm that we are unable to increase the minimum age to purchase a ticket from 16 to 18 years as all transactions are undertaken on one system. Therefore, if they were to increase the age for North Herts, they would have to do this for all Councils.

2.2 Officers have researched to see what age limit other lotteries have. The National Lottery has announced that they will be increasing the minimum age from 16 to 18 as of October 2021. The Postcode Lottery, The Health Lottery and Macmillan Lottery have a minimum age of 18 years.

- 2.3 There is currently a review underway of the entire Gambling Legislation, of which this is likely to be included. Therefore, the age limit could be increased as part of this.

### **3. Recommendation 2 - LIMIT WEEKLY SPEND**

- 3.1 Gatherwell have confirmed that there is no weekly limit, part of the reason for this is because they have many syndicates, however, the maximum number of tickets that can be purchase in one transaction is 20. Set out below are the systems that are in place to ensure that players cannot gamble in excess (extracted from the 'Social Responsibility in Gambling Policy' points 2 and 5): -

Limits are in place to ensure individuals cannot buy excessive numbers of tickets;

This therefore restricts the capability for individuals to gamble beyond their means or gamble what they cannot afford.

These limits will be monitored to see how many players reach them and may be reduced correspondingly if required.

These limits are clearly highlighted at the point of purchase online.

The system data provides facilities to track major changes in the lottery participation. Any significant outliers in the numbers of tickets will be investigated as part of ongoing assessments on the correct levels for ticket participation.

- 3.2 Gatherwell have confirmed that they have not experienced any issues with players using a Community Lottery as a tool to gamble as of yet. They can set a weekly limit if requested, however, feel this is not required based on the systems they have in place to monitor such use. Gatherwell also confirmed that of the 80+ Council Community Lotteries they operate, none have asked for a limit to be set.
- 3.3 Whilst considering this, officers have noted that setting the limit itself could be a challenge. For example, £10 (the suggested limit at present) to one player could be a large amount of money, whilst to another player this may not be the case. Therefore, setting a limit is not equitable.

### **4. OVERVIEW OF THE NORTH HERTFORDSHIRE LOTTERY**

- 4.1 The community lottery was approved by Cabinet at its meeting in December 2020, the report clearly set out the purpose for the lottery, which is provided below;

'The purpose of this report is to seek approval for the Council to introduce a Community Lottery that will generate additional revenue in support of, and to help good causes within the District.

Voluntary and Community Sector (VCS) groups such as local charities, community groups, sports clubs and schools will have the opportunity to financially benefit from this project, via funds raised through online lottery ticket sales.'

- 4.2 This is not a commercial project; this is a community project that is being led by the Commercial Team which will enable VCS groups in assisting them to raise money to support their organisation.
- 4.3 The Council will work alongside the VCS groups and good causes whom sign up to the North Herts Community Lottery to ensure that positive advertising is put in place to promote the lottery as an opportunity to support local groups rather than a gambling opportunity. The Council will also ensure these groups understand the clear purpose of the lottery itself and that they are made clear of the policies and procedures set out inclusive of gambling and safeguarding. Gatherwell will also be working with the groups regarding set up, marketing and managing the process. Therefore, the gambling prevention messaging will also be reminded and monitored at this stage too.

## **5. CONTACT OFFICERS**

- 5.1 Steve Crowley, Service Director – Commercial, ([steve.crowley@north-herts.gov.uk](mailto:steve.crowley@north-herts.gov.uk) / ext 4211)
- 5.2 Jess Wallis, Commercial Team Leader, ([jess.wallis@north-herts.gov.uk](mailto:jess.wallis@north-herts.gov.uk))
- 5.3 Chloe Gray, Commercial Manager, ([chloe.gray@north-herts.gov.uk](mailto:chloe.gray@north-herts.gov.uk) / ext 4223)

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**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: NORTH HERTFORDSHIRE COMMUNITY LOTTERY**

REPORT OF THE COMMERCIAL MANAGER AND SERVICE DIRECTOR - COMMERCIAL

EXECUTIVE MEMBER: EXECUTIVE MEMBERS FOR ENTERPRISE AND COOPERATIVE DEVELOPMENT; AND COMMUNITY ENGAGEMENT

COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

**1. EXECUTIVE SUMMARY**

- 1.1. The purpose of this report is to seek approval for the Council to introduce a Community Lottery that will generate additional revenue in support of, and to help good causes within the District.
- 1.2. Voluntary and Community Sector (VCS) groups such as local charities, community groups, sports clubs and schools will have the opportunity to financially benefit from this project, via funds raised through online lottery ticket sales.

**2. RECOMMENDATIONS**

- 2.1. That Cabinet approves the establishment of a Community Lottery, to be managed by an External Lottery Manager (ELM).

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 To set up a Community Lottery that will enable the local Voluntary and Community Sector groups to have access to additional funding at no cost.
- 3.2 The Community Lottery will provide an income stream for the Council, with the Council benefiting financially from each ticket sale, however at a lower monetary proportion than the VCS groups.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 To set up a Community Lottery managed directly by NHDC. This would require additional funding for several elements such as staffing, set up of the lottery and running software systems. This option has not been fully costed however data from other local authorities estimate the costs to be in the region of £80-100,000 for set-up costs alone.

## **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 The Executive Member and Deputy Executive Member for Enterprise and Co-operative Development have been kept updated regarding this project. The business case was considered by the Senior Leadership Team on 5 October 2020. It was also presented to Political Liaison Board on 3 November 2020 whom supported it and recommend it be taken to Cabinet to seek approval. The team have also held initial discussions with an External Lottery Manager (ELM) who has experience delivering and managing other local authority lotteries.

## **6. FORWARD PLAN**

- 6.1 This report does not contain a recommendation on a key Executive decision although this was notified to the public in the Forward Plan on 12 November 2020.

## **7. BACKGROUND**

- 7.1 The concept of a Community Lottery was first identified in 2017 by the Community Engagement and Finance teams. However, after consideration it was not pursued at that point in time. Concerns were raised regarding staff resource, and time associated with the ongoing promoting and managing of the project.
- 7.2 The Commercial team has since reinvestigated this project and has identified that several Councils have successfully implemented and managed a Community Lottery within their local community. The team scored the viability of the concept using the Commercial scoring matrix (a resource used within the team as part of the commercial ideas process), based on attributes such as, but not limited to; political impact, social value impact, financial impact and local competition.
- 7.3 The team have identified a suitable External Lottery Manager (ELM), however are currently following the NHDC Procurement Process before appointing them.

## **8. RELEVANT CONSIDERATIONS**

- 8.1 The aim of the Community Lottery is to generate additional revenue in support of good causes such as local charities, community groups, sports clubs and schools within the District.
- 8.2 The Council will also benefit financially from each ticket sale, however at a lower monetary proportion than the VCS groups.
- 8.3 This project will require the support of the Council, an External Lottery Manager (ELM), the VCS groups, and the general public/ community.
- 8.4 The Community Lottery will support local groups and organisations to create and promote an additional funding stream. Members of the public/ community can purchase tickets from the North Hertfordshire Community Lottery website and choose which VCS group or organisation/s they wish to financially support via a lottery ticket sale. By doing this, it allows a large proportion of the monetary donation to go directly to the good cause.

- 8.5 The money draw is based upon the results of the 'Australian National Lottery Super66' game and takes place every Saturday. The external provider will monitor the results and will also notify and process any winning payments if required. East Hertfordshire report that since launching their Community Lottery in February 2019, an average of 20 winners per draw worldwide have been drawn.
- 8.6 The purchase of a ticket automatically enters the 'player' into a money draw whereby they have the chance of winning up to £25,000.
- 8.7 Each ticket has a 1 in 56 chance to win a prize each week. Prizes are fixed and do not rollover. All prizes are guaranteed and underwritten by the ELM.
- 8.8 The local VCS group or organisation/s will retain half of the monetary amount of every ticket sold via their own webpage, providing the local good cause another source of income.
- 8.9 Each ticket is worth £1.00. Please see below for how this £1.00 is split amongst good causes, the Council, prize fund, management fee and VAT.
- 50p to good causes (VCS groups and organisations)
  - 10p to the Council
  - 20p to the prize fund
  - 17p to the lottery management company for administration and management
  - 3p VAT
- 8.10 For comparative purposes, 28% of ticket sales from the National Lottery go to good causes, 27.5% from the Postcode Lottery and 20% from the Health Lottery.
- 8.11 The table below shows the estimated income that could be achieved according to NHDC's population. This is based on 0.5% (533 people or tickets sold) of the total population, playing weekly in the first year with an increase of 0.5% in players per year to a maximum of 2.5% over six years. These projections are based on the performance data of other local authority led lotteries provided by the ELM.

Year	% NHDC population	player	NHDC share (10%) cover costs/distribute to VCS	Annual cost of lottery	Set up cost	Net income to the Council	Good Causes (50%)
2021/22	0.5% (533 sold)	tickets	£2,771	£1,000	£5,000	-£3,229	£13,858
2022/23	1.0% (1066 sold)	tickets	£5,543	£1,000	-	£4,543	£27,716
2023/24	1.5% (1599 sold)	tickets	£8,314	£1,000	-	£7,314	£41,574
2024/25	2.0% (2133 sold)	tickets	£11,091	£1,000	-	£10,091	£55,458
2025/26	2.5% (2666 sold)	tickets	£13,863	£1,000	-	£12,863	£69,316
2026/27	2.5% (2666 sold)	tickets	£13,863	£1,000	-	£12,863	£69,316

8.12 For comparative purposes, East Hertfordshire District Council launched their community lottery in February 2019. As a Council they have a population of approximately 149,000 people, of which 93,000 are eligible to purchase a ticket/s for the lottery. The current VCS groups and organisations signed up to the East Hertfordshire lottery are on course to raise £39,000 this year (2020) despite effects of Covid-19.

8.13 The table below demonstrates examples of ticket sales according to eligible population by other local authorities in their first year of launching the community lottery.

<b>Council</b>	<b>Eligible Population (16+)</b>	<b>Money to the Central Fund</b>	<b>Money to Good Causes</b>	<b>% of Player population</b>
A	70,000	£35, 261	£46, 776	2.09%
B	116, 000	£19, 124	£48, 577	1.04%
C	122, 000	£10, 930	£44, 088	0.72%

8.14 Although the Lottery will be managed and run by an external provider; it will require officer time. Once set up, duties will include managing applications from VCS groups and organisations to become beneficiaries of the lottery, processing payments for the Council allocated money to VCS groups and organisations and completing the annual licence return. Advice from the ELM and the experience from other Local Authority led lotteries states that the above duties averages out at approximately one hour per week of officer time. These processes can be managed within the Commercial team by a Commercial Support Officer, with further ongoing support from the Community Engagement and Communications teams.

8.15 The Community Engagement team have agreed to support a launch event alongside the Commercial team. As mentioned previously, due to the current Covid-19 restrictions, a virtual launch will be considered. The team will monitor the restrictions and a decision will be taken on the best approach based on recent guidance that is in place at the time. The Commercial team will lead on the organisation of the event, however, will require support from the Community Engagement team. The amount of time required from the Community Engagement team is estimated at a maximum of one hour per week in the run up to the event.

8.16 Support will also be required from our Communications team regarding advertising via NHDC social media channels. The estimated resource costs for launching the lottery is £300, however this is not a growth item and the Communications team have been informed and will be updated regarding this project.

8.17 At an estimate, officer cost for operating the lottery is £600 per annum (based on one hour a week at grade 5). This cost is already accounted for and is not a growth. This will not be affected by ticket demand.

**9. LEGAL IMPLICATIONS**

9.1. Based on research, there is just one ELM who offer the specific services we require. Due to this, and with the contract value over the one quote threshold (£5, 000), a single tender will be conducted upon approval following this Cabinet report.



9.2. Single tenders fall under Rule 14 of the Contract Procurement Rules, and it is the reason of 14.1 c) (i)(ii) that applies:

- c) Specialist consultants, suppliers, agents or professional advisors are required and:
- (i) Evidence that there is no satisfactory alternative; or
  - (ii) evidence indicates that there is likely to be no genuine competition;

9.3 The Gambling Act 2005 (the 'Act') creates eight categories of permitted lottery, one of which is a local authority lottery. The Act requires the Council to apply for an operating licence and it must comply with specific licence conditions and relevant codes of practice which are published by the Gambling Commission.

9.4 The Council will appoint an ELM to run its lottery under S257 of the Act.

## **10. FINANCIAL IMPLICATIONS**

10.1 To set up the Community Lottery there is a one-off payment of £5,000 plus VAT to the ELM. This is required for an external platform/ website to be set up and made bespoke to the North Hertfordshire Community Lottery. This figure also includes personalised pages set up for the VCS groups and organisations and marketing materials.

10.2 Please refer to 8.14 and 8.15 regarding officer time and cost.

10.3 It is important to note that the ELM provides initial and ongoing marketing materials to NHDC and the VCS groups and organisations at no additional cost. They will also continuously work with groups and organisations to promote the lottery.

10.4 The Council will have two annual payments associated with the lottery, totalling an annual cost of £1, 000 (excluding Officer time). Please see further details below:

- Payment 1: To the Lotteries Council Membership - Estimated at £350.
- Payment 2: A Licence Fee - Estimated at £650.

## **11. RISK IMPLICATIONS**

11.1 In order to operate a Local Authority Lottery, the Council would need to apply for a Local Authority Lottery Licence from the Gambling Commission. A local authority licensed by the Gambling Commission is required to have at least one Personal Management Licence holder. We have identified two officers that meet the requirements of a Personal Management Licence Holder. They will be supported by the ELM to apply for the appropriate licence.

11.2 The number of VCS groups and organisations that sign up poses a risk as one of the main purposes of the lottery is to support as many VCS groups and organisations as possible within the District.

11.3 There is a risk that the number of 'players' purchasing tickets does not meet the desired percentage set out in 8.11.

- 11.4 The lottery requires VCS groups and organisations to continually promote the lottery to their supporters/ players. If the marketing and promotion is not supported by the groups or organisations, this could impact on sales. NHDC will support aspects of the marketing campaign via social media, with an aim to create awareness of the lottery and to increase the number of people that take part. However, this must be mirrored/ supported by the VCS group or organisation.
- 11.5 The Council are aware of the potential issues/ perceptions around gambling and the reputational impact of supporting this type of activity. Although lotteries can be considered as gambling, we do not believe the North Hertfordshire Community Lottery will be portrayed in the same manner. The key aim is to support local organisations and the potential prizes funds are significantly less than other types of lotteries. However, if this becomes an issue NHDC have the ability to exclude or place a cap on the amount of tickets that a player is able to purchase. The lottery website will also contain a section providing links to gambling support organisations. Marketing material will also promote the support to the VCS groups and organisations, rather than focussing on the prize fund.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no direct equality implications arising from this report. One of the three objectives of the Gambling Act 2005 is 'to protect children and other vulnerable people from being harmed or exploited by gambling'. The promotion of the Gamble Aware via any External Lottery Manager and the Licence Holder will seek to mitigate any adverse and disproportionate impacts on vulnerable groups as noted at 11.5.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. As the recommendations in the report relate to a contract below £50,000 the "go local" policy has not been applied for the following reason: There is no local provider able to deliver a suitable alternative

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 None identified other than staffing requirements detailed in the body of the report.

## **16. APPENDICES**

- 16.1 None.

## **17. CONTACT OFFICERS**

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- 17.4 Reuben Ayavoo, Policy and Community Engagement Manager, ([reuben.ayavoo@north-herts.gov.uk](mailto:reuben.ayavoo@north-herts.gov.uk) / ext 4212)
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## **18. BACKGROUND PAPERS**

- 18.1 BC01 – North Hertfordshire Community Lottery – Final 6.

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