

# Cabinet Report



Report of Head of Policy and Programmes

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To: CABINET

Date: 3 February 2023

## Distributing the White Horse Community Lottery - Community Fund

### Recommendations

That Cabinet agrees to:

- a. Distribute the income the Vale of White Horse District Council receives in its central fund from the White Horse Community Lottery to the Voluntary and Community Sector (VCS) organisations registered as good causes in the Lottery.
- b. To do this through random selection of nine winners, with a minimum award of £1,000 in 2022/23, and from 2023/24 proportionate to the number of tickets sold by each organisation, subject to organisations selling 20 tickets a week (as a minimum threshold).

### Purpose of Report

1. To agree the approach for distributing the income to the central fund from ticket sales, in line with the commitment the council has made for it '***To be spent on supporting local organisations and community initiatives across the district.***'

### Corporate Objectives

2. The council's White Horse Community Lottery supports the Corporate Plan objective of building healthy communities and working together with organisations to help
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community groups make changes in their local community, by raising unrestricted income for VCS organisations that provide valuable services to those in need.

## Background

3. Cabinet approved the business case for the lottery on the 18 December 2020 and appointed an external lottery manager (Gatherwell Ltd) with experience of running local authority schemes.
4. White Horse Community Lottery was launched to the public on 28 July 2021. At the time no decisions were taken on how the income to the White Horse Community Fund would be allocated. This reflected the need to establish how much income the scheme would be likely to generate, before considering the options for distribution.

## How the lottery works

5. In summary, the White Horse Community Lottery:
    - Is a non-commercial society lottery, benefiting the local voluntary and community sector, and registered with the Gambling Commission.
    - Is an online lottery <https://www.whitehorselottery.co.uk/> where players can take part by purchasing £1 tickets in a weekly draw.
    - Takes payments via Direct Debit, rolling monthly card payment, or block ticket purchase with a single payment for three, six or twelve months.
    - Invites local good causes to register online, and once passed the eligibility checks, groups are encouraged to promote the scheme to their members.
    - Players can win three free tickets or cash prizes of £25, £250, £1,000, and a top prize of £25,000 and additional bolt on prizes, a recent example is a £1,000 bike voucher.
  6. White Horse Community Lottery gives 60 per cent of the revenue generated to support the community and voluntary sector in the Vale (in comparison, 28 per cent of National Lottery funds are given to good causes). 20 per cent is allocated to the prize fund, 17 per cent to Gatherwell Ltd, and 3 per cent VAT.
  7. From each £1 entry, the 60 per cent good cause contribution comprises of 50p, which is distributed directly to the player's nominated organisation and 10p which is put into the White Horse Community fund.
  8. Each lottery player identifies a specific charity to support from the list of registered organisations. Alternatively, they can choose to support the White Horse Community Fund, which is a central pot where proceeds will go towards supporting local organisation and community initiatives across the district. Ongoing costs to run the lottery are also met from this fund, covering the gambling licence, membership of the Lotteries Council and marketing activities.
  9. Good causes are responsible for promoting the lottery to their own supporters using a range of marketing materials, available to download from the White Horse Community Lottery website. Gatherwell also publicise the scheme, alongside the council.
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## Performance to date

10. The total number of causes signed up to the lottery as of 19 October 2022 is 56, from a wide range of organisations including animal charities, PTAs, sports clubs, village halls, pre-schools, community action groups and more. There are currently 48 registered causes, the remaining eight are in the process of providing the relevant information to become a registered good cause. The number of players in a recent weekly draw<sup>1</sup> was 486, purchasing an average of 927 tickets per week, or nearly two tickets each.

11. Statistics from 28 July 2021 to 19 October 2022

	<b>White Horse Community Fund</b>	<b>Good Causes</b>	<b>Total</b>
<b>Number of tickets bought</b>	9,924	42,522	<b>52,446</b>
<b>Number of players purchasing tickets for the White Horse Community Fund or their chosen Good Cause</b>	145	583	<b>717*</b> some purchase tickets for both
<b>Number of winners</b>			<b>1,172</b>
<b>Total cause revenue</b>	<b>£9,899.90 (inc. 10p from each ticket sale)</b>	<b>£21,261.00</b>	<b>£31,160.90</b>

12. As of 19 October 2022, the total number of winners includes 108 who have won a cash prize, the remainder receiving three free tickets. Total value of cash prizes to date is £4,500. The remainder of the prize fund £5,989 is held by Gatherwell, which enables them to pay the weekly Jackpot prize of £25,000 should it be won. The odds for this are (1:1,000,000). The size of the lotteries under Gatherwell management makes it extremely unlikely that the cost of jackpot prize pay-outs could exceed the funds allocated to prizes and Gatherwell is in a financial position to be able to cover any shortfall were that unlikely scenario to arise.

## White Horse Community Fund

13. The White Horse Community Fund value has been growing steadily, receiving regular contributions from the 92 weekly players paying directly to the fund, as well as the additional 10p received from each £1 ticket purchased.

14. A review of other local authority lotteries found that the majority of central funds are allocated using an application-based grant scheme which is open to all VCS organisations in the community. A small minority are only open to good causes already registered with the scheme. Another example shares the community fund pot amongst their existing lottery good causes as an annual payment.

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<sup>1</sup> Figures taken from the draw held 15 October 2022

15. We are seeking a decision on how the council should allocate the White Horse Community Fund in future to help generate more interest in the lottery to sell more tickets, increase interest within the voluntary sector and the overall impact for communities. There are a number of different options available to us to spend the community fund, considerations are set out below:

- a. Giving all of the registered good causes a share of the central fund based on the number of tickets they have sold.
- b. Giving good causes who have sold 20 or more tickets per week a share of the central fund.
- c. Randomly select winners of the fund from registered good causes, with a minimum award of £1,000.
- d. Split the income amongst the district's key VCS infrastructure providers.

#### A. DISTRIBUTING TO ALL GOOD CAUSES

16. This option would ensure every good cause that is registered with the scheme receives some funding, but it wouldn't encourage the continued success of the scheme and will also mean the funds are spread very thinly. For example, we have currently generated approximately £9,466 (excluding our overheads<sup>2</sup> £2,121 and including VAT reclaim of £1,687), this will result in 71 per cent of organisations<sup>3</sup> receiving less than £200 as of 19 October 2022.

17. Spreading the funds too thinly will have little to no impact on the good causes' finances and processing lots of small payments will require more resources, as the council, rather than our lottery provider Gatherwell, would be responsible for distributing the funding as the money is paid to us monthly.

#### B. GOOD CAUSES WHO SELL 20 TICKETS OR MORE

18. Twenty tickets a week is the amount Gatherwell encourage good causes to sell in the first four weeks of joining the scheme, when they are signing up to join. This approach has the clear benefit of encouraging the continued success of the scheme, which will subsequently generate more income for themselves and the central fund.

19. It will also mitigate against the risk of the funds being spread too thinly for organisations and residents they are supporting to really benefit from the additional income they could receive.

20. Based on current good causes 11<sup>4</sup> out of the 48 organisations would receive a share of between £413 - £3,662, from a £9,466 pot (after expenses), but this should be achievable for a further four, which are currently selling between 16-19 a week.

21. We would distribute the accumulated central funds, after the agreed deductions, as soon as possible. Funds collected between now and the 31 March 2023, will be retained, added to those collected during 2023/24 based on ticket sales on 31 March 2024. Annual distribution will then continue based on ticket sales on 31 March. This is purely an operational decision as it is important to market and manage the lottery

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<sup>2</sup> **21/22** - Lotteries council was more in 21-22 £385, £186, £224 + £261 for Gambling Commission. **22/23** £400 for Gambling Commission, £385 Lotteries Council + £280 for Annex A part 1 & 2 – changes to licence holders = £2,121

<sup>3</sup> 48 organisations registered

<sup>4</sup> based on a report run on 24 Oct 2022

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operation sustainably. The amount will be kept under review to account for income generated between now and distribution.

22. This approach has the added benefit, of requiring less officer resource, which could be redirected to increasing the number of causes and players supporting the lottery and developing other initiatives to support community organisations in the district.

#### C. RANDOMLY SELECT WINNERS OF THE FUND FROM REGISTERED GOOD CAUSES

23. Like option B, this approach has the benefit of encouraging the continued success of the scheme, mitigates the risk of funds being spread too thinly and requires the same officer resource. Random selection also means that organisations who are not currently achieving high tickets sales have an equal chance of receiving some of the funds. Resulting in much needed unrestricted income for these organisations, who may be struggling to generate income from the scheme.

24. Currently there are four organisations who have registered but have not sold any tickets. These organisations would not be included in the draw as this would be unfair to organisations that have. The minimum any organisation would receive is £1,000. From the fund, £9,000 would be distributed amongst nine organisations and the remaining £466 retained and added to the funds collected in 2023/24, to be distributed after the 31 March 2024.

25. There is a risk that organisations who are performing well, may feel it unfair if they are not drawn for the fund. However, they have the same random chance of selection.

#### D. SPLIT THE INCOME AMONGST THE DISTRICT'S KEY VCS INFRASTRUCTURE PROVIDERS

26. This option would allow us to agree a list of voluntary and community sector providers and the split of the fund, which may or may not be even. Providing much needed unrestricted income.

27. The impact of the fund may however be smaller to these larger organisations, than the smaller good causes signed up to the scheme. Though it is important to note that some of the larger organisations, such as Citizens Advice and Vale Community Impact are also members of the lottery and could potentially benefit from option b. Equally, we would need a fair and transparent process to agree which key VCS organisations would benefit from the funds distributed.

28. The ongoing officer resource for this approach would be similar to option b.

### **Climate and ecological impact implications**

29. The White Horse Community Lottery is open to all not-for-profit community action groups and organisations, providing them with an opportunity to raise unrestricted income that they could use to fund climate initiatives/measures.

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## Financial implications

30. The White Horse Community Fund up to 19 October 2022 has £9,899.90 and £1,687.80 from reclaimed VAT. The reclaimed VAT can be used on recruitment initiatives and marketing, which is what Gatherwell recommend but can also be distributed to good causes. The £11,587.70 is currently held by the council and ringfenced for the lottery scheme in line with the councils' commitment to residents purchasing a ticket. *'To be spent on supporting local organisation and community initiatives across the district.'*
31. Approximately £2,121 of this income needs deducting to cover the annual licences<sup>5</sup> spent to date, no money has been spent on marketing. This leaves £9,466.70 available to distribute to good causes as of the 19 October 2022.
32. There are no additional financial implications from any of the options. The costs associated with making the payments can be met from within existing staff resources, which will vary depending on the level of distribution. The lottery pays for itself, with income from ticket sales paying for the gambling licences, related fees and marketing.
33. Any council decision that has financial implications must be made with the knowledge of the council's overarching financial position. For Vale, the position reflected in the council's medium-term financial plan (MTFP) as reported to Full Council in February 2022 showed that the council was able to set a balanced budget for 2022/23, but that there is expected to be a budget gap in future years.
34. This future funding gap is predicted to increase to over £3.7 million by 2026/27. As there remains no certainty on future local government funding, following the announcement of a one-year spending review by government, and as the long-term financial consequences of the Coronavirus pandemic remain unknown, this gap could increase further. Every financial decision made needs to be cognisant of the need to address this funding gap in future years.

## Legal Implications

35. Distribution of the central fund to existing beneficiary organisations or the voluntary and community sector partners do not carry any significant legal implications. Good causes and key VCS partners have already gone through an eligibility process to confirm their not-for-profit status and have agreed to the terms and conditions of joining the lottery or receiving grant funding.
36. The distribution of additional funds from the central fund will be unconditional - beneficiary organisations would be able to use the funding however they choose, providing it is in line with the aims and objectives set out in their constitution.
37. As a society lottery licensee, the council is obliged to follow the Gambling Commission's Licence Conditions and Codes of Practice. Under the social responsibility Code Provision 4.3.3, further clarified in their [guidance on the information that we are required to give to lottery players regarding proceeds and prizes](#), it states:

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<sup>5</sup> **21/22** - Lotteries council was more in 21-22 £385, £186, £224 + £261 for Gambling Commission. **22/23** £400 for Gambling Commission, £385 Lotteries Council + £280 for Annex A part 1 & 2 – changes to licence holders = £2,121

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Lottery licensees may use proceeds to fund grants to beneficiaries who meet the aims and objectives of their societies. Where this is the case, information should be available to consumers about how the allocation of grants is determined, including examples of those receiving them.

38. The council must therefore ensure it offers a clear description of how the central fund is to be distributed and publicise this on the main webpage <https://whitehorsedc.gov.uk/communitylottery> and via <https://www.whitehorselottery.co.uk/>

## Risks

39. There is a limited risk the proposed approach doesn't encourage the continued success of the scheme if the minimum requirement to sell 20 tickets proves to be challenging, particularly for smaller causes with more limited resources and fewer supporters. If so, we could review the minimum threshold in the future.
40. We have not consulted the good causes or the VCS on their preferred approach. However, we have considered the options carefully to achieve the greatest impact on our communities. There is a limited risk that good causes would prefer the option of proportionately distributing the central fund amongst all of them, however they currently don't receive any of the central fund.

## Other implications

41. In line with the public sector equality duties, we have considered the implications of random selection and proportionately distributing the funds on those protected by the Equality Act 2010. Officers are of the view that no groups will be disadvantaged by this decision. All good causes who sign up to the scheme, must demonstrate that there are no undue restrictions on their membership. It's also worth noting that most organisations that are currently registered are providing services to help to advance equality of opportunity and/or meet the needs of their communities. Additional funding will enhance the support the good causes can provide.

## Conclusion

42. Recovery from the pandemic and cost of living crisis has highlighted the ongoing need within the Voluntary and Community Sector for unrestricted income. We can help meet this need through a blend of option B and C. Random selection of nine organisations is used to distribute the £9,000 income the council has received in its central fund from the White Horse Community Lottery to the VCS organisations registered as good causes, for year one. For subsequent years (2023/24 onwards) to proportionately distribute the income to the VCS organisations who are selling 20 tickets or more a week (as a minimum threshold).
43. Random selection means that organisations who may be struggling to generate income from the scheme have an equal chance of receiving some of the funds. Subsequently, setting a minimum requirement of 20 ticket sales a week to receive a proportion of the central fund each year will encourage the continued success of the scheme, which will ultimately raise more unrestricted income for themselves and the other causes. Both approaches will ensure the funding is directed quickly to benefit the communities it is intended to support.
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44. If this approach is supported, we will distribute the accumulated funds as soon as possible. Funds collected between now and the 31 March 2023, will be retained, added to those collected during 2023/24 based on ticket sales on 31 March 2024. Annual distribution will then continue based on ticket sales on 31 March.

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