# Cabinet Report

South Oxfordshire
District Council

Listening Learning Leading

Report of Head of Corporate Services

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To: CABINET

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# Report on SO Charitable Lottery Fund

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**Recommendations**

That Cabinet:

a)    Agrees to use the funds the council receives from its community lottery scheme, SO Charitable, to establish a new award scheme, which will be open to all voluntary and community organisations in South Oxfordshire.

b)    Agrees that the costs for holding an annual Voluntary and Community Sector Conference should be met from the general income received.

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## Purpose of Report

1.  To seek approval from Cabinet to use the funds it receives from the SO Charitable Lottery community fund to launch a new award scheme, and fund future Voluntary and Community Sector (VCS) conferences.

## Corporate Objectives

2.  The SO community lottery supports the Corporate Plan priority to 'build thriving communities' by supporting communities to help themselves through raising funds that benefit the local voluntary and community sector. It also supports the equality objective to support communities to deliver better outcomes for disadvantaged groups and encourage community cohesion.

## Background

3. Cabinet approved the business case for the lottery scheme on 5 October 2017 and an external lottery manager with experience of running local authority schemes was appointed. At the time no decisions were taken on how the income to the council's central fund would be allocated. This reflected the need to establish how much income the scheme would be likely to generate and the sustainability of it.

4. SO Charitable Lottery was launched to the public on 26 March 2018. We have since carried out a review of the scheme to see how successful it has been and to consider the various options for developing the scheme and allocating the central fund in the future.

5. The lottery is a tool for voluntary and community groups in South Oxfordshire to generate an income stream. It aims to:

   • Generate unrestricted funds for local good causes to help pay for running costs.

   • Deliver local winners, leading to positive public relations for the council and a feel-good factor for South Oxfordshire residents.

   • Minimise the costs and remove administrative barriers for local good causes in South Oxfordshire to benefit from *'society lotteries'* which generated £296m for UK charities in 2018.

   • Maximise the support that the council can give to local groups struggling to raise funds and reduce dependency on grants.

## How the lottery works

6. In summary, the SO Charitable 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.socharitable.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.

7. SO Charitable Lottery gives 60 per cent of the revenue generated to support the community and voluntary sector in South Oxfordshire (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.

8. From each £1 entry, the 60 per cent good cause contribution comprises 50p, which is distributed directly to the player's nominated organisation and 10p which is put into the SO Charitable Fund.

9. Each lottery player identifies a specific charity to support from the list of registered organisations. Alternatively, they can choose to support the SO Charitable Community Fund, which is a central pot where proceeds in the last financial year have been used to support the voluntary sector in South Oxfordshire, for example through the provision of the Voluntary and Community Sector forum. Ongoing costs to run the lottery are also met from this fund, covering the gambling licence, membership of the Lotteries Council and marketing activities.

10. Good causes are responsible for promoting the lottery to their own supporters using a range of marketing materials, available to download from the SO Charitable Lottery website.

## Performance to date

11. The total number of causes signed up to the lottery at 8 November 2019 is 70, from a wide range of organisations including animal charities, schools, sports clubs, village halls, playgroups, day centres and more. There are 11 registered causes currently with no players. The number of players in the most recent draw was 420, purchasing an average of 1.88 tickets per week.

12. Statistics from 28 April 2018 – 8 November 2019

| 80 weekly draws | SO Community Fund | Causes | Total |
|---|---|---|---|
| **Tickets bought** | 12,537 | 57,831 | **70,368** |
| **Players** | 170 | 630 | **789** |
| **Winners** | | | **1407** |
| **Total cause revenue** | **£13,305.70** | **£28,915.10** | **£42,220.80** |

13. As at 8 November, the total number of winners includes 139 who have won a cash prize. Total value of cash prizes to date is £8,825.

14. After an initial push to launch the scheme, the lottery's growth has been organic, and while the total revenue generated has exceeded £40,000, including the contribution to the central fund, we are still to achieve our potential. Those organisations which have continued to promote the lottery to their members have benefited much more than others who have made little progress since registering with the scheme. The top two most active organisations within the SO Charitable Lottery have received to date £1,832 and £1,533.50 respectively.

15. Feedback has been gathered from existing registered good causes and we've received a range of different comments depending on how long they have been running the lottery, the organisation's capacity to promote the scheme and the willingness of their supporters to get involved. Specific comments suggest that the lottery is "…easy to use

and promote and has become one of our 'always-on' campaigns", and "the money received has gone towards the general running of the charity to be able to continue to provide much-needed resources".

16. Weaknesses of the scheme that have been identified by good cause members refer to the level of promotional support they have received to raise the SO lottery's profile, and the perceived difficulty for some older members of the community to buy tickets online.

17. Comparisons with other council lotteries that have been running for under two years are favourable, but what they do highlight is that we could be doing much more to proactively market the SO Charitable Lottery having now reached a plateau in the growth of this council's lottery.

## Plans to develop the scheme

18. We have been operating the SO Charitable Lottery for 20 months. Having reached a plateau in growth, our priority is to increase the number of good causes registering with the lottery and the income potential of all member organisations. We also wish to maximise the impact of the lottery for the wider voluntary and community sector in South Oxfordshire.

19. To ensure the lottery continues to grow, generating sustainable income for South Oxfordshire's voluntary and community sector, a marketing plan will include:

   - Regular communications through social media and potential social media advertising.

   - Face-to-face promotion by the council through VCS networks and council run events

   - General promotion of prize winners and good cause beneficiaries, with ad hoc incentives for players and bolt-on (extra) prizes funded by Gatherwell

   - A promotions toolkit from the council, sent to all registered good causes to support self-promotion, including links to templates for posters and flyers on the Gatherwell website

   - Specific campaign around second year anniversary in Spring 2020

20. Gatherwell is also working to enhance the SO Charitable website, making it easier to navigate for good causes and players, as well as developing plans to improve the support they give to all council lotteries.

21. Raising awareness of the lottery and creating a buzz around the scheme amongst residents will be key to securing its growth.

22. The SO Community Fund has been growing steadily, receiving regular contributions from the 71 weekly players paying directly to the fund, as well as the additional 10p received from each £1 ticket purchased.

23. A review of other local authority lotteries found that the majority of central funds are allocated through a grant scheme which is open to all VCS organisations in the community. A small minority are only open to good causes already registered with their

lottery scheme and one authority shares the fund amongst their existing good causes as an annual payment.

24. There are a number of different options for spending the community fund:

   **A. Establish an award available to all SO voluntary and community organisations in South Oxfordshire.**

25. A competitive process open to all VCS organisations in South Oxfordshire, that will encourage public involvement/engagement by asking residents to select their favourite project from a shortlist. It would also generate more ticket sales for the lottery and encourage more good causes to sign up through increased awareness. The projects would have to align with the council's corporate priorities such as energy saving and/or improving health and wellbeing to be eligible for the scheme.

26. The scheme would be managed through our existing grant systems and could launch this year with a minimum size pot of £10,000.

27. Officers recommend this option, as it would have the biggest impact in the community by funding a project outright and in terms of raising the profile of the scheme. Existing lottery good causes may have concerns about the awards being open to all VSC organisations, however we could offer them additional points when shortlisting projects.

   **B. Split amongst the good causes signed up to the fund according to the number of tickets sold.**

28. This would encourage more good causes to sign up and incentivise existing causes to sell more tickets.

29. Based on a pot of £10,000, each organisation would receive a proportion equivalent to the number of tickets they have in the weekly draw. For example, the organisation which has sold the most tickets (44 tickets per week, out of a possible 674) would get a 6.53 per cent share of £10,000 (£653). The second highest would receive £564 for 5.64 per cent of total sales, and so on.

30. We would have to manage the communications of this approach carefully with existing good causes, as some may perceive this as being unfair to smaller organisations with fewer supporters, or not sufficiently recognising those organisations who have contributed more than others. This option would also offer very little benefit to causes who have less than 15 tickets in the weekly draw (receiving £15-£190). This option is therefore not recommended as the funds would be spread too thinly to have any real impact and would not create enough interest/excitement in the scheme within the community.

   **C. Split equally amongst the good causes signed up the to the fund.**

31. As above but award each good cause regardless of how many players they have (excluding those on zero). Based on a pot of £10,000, this would give each organisation £170.

32. This option would not recognise those organisations that work hard to promote the lottery and would have very little impact in the community and is therefore not recommended.

## Financial Implications

33. There are no additional costs associated with establishing an annual award available to all SO voluntary and community organisations in South Oxfordshire. The lottery pays for itself, with income from ticket sales paying for the gambling licences, related fees and marketing. It would also cover the costs of future VCS conferences.

34. Officers recommend opening the award scheme when the pot has reached £10,000 in order to justify the required resources to manage the communications and administration of the grant application and award process.

35. Additional income will be generated over the year from reclaiming the VAT on our payments to Gatherwell. The value of this will fluctuate from month to month, depending on the number of players in the lottery however we will be able to claim back £2,100 for the period May 2018 – September 2019.

## Risks

The following risks of adopting a SO Community Fund award have been identified:

36. The size of the Community Fund available to distribute each year will vary according to the performance of the lottery. This means the number of new players signing up each month must outweigh the players who stop their contributions. The fund will have £10,000 to cover the first round of awards in 2020. This can be changed each year according to the available funding after costs have been deducted, but we recommend this does not fall below £8,000.

37. There is a risk around asking the public to have a final say in which project wins the award if that project or organisation subsequently develops problems. However, organisations would have to pass robust eligibility criteria to make it on to the shortlist.

## Legal implications

38. Before inviting applications for projects, we would need to develop a policy and robust evaluation criteria for the scheme.

39. Successful organisations will be asked to sign standard terms and conditions for accepting an award, which include the relevant legislation they would need to comply.

40. When applying, applicants must confirm they have their organisation's authority to make the grant application and accept our terms and conditions. They will also need to have all relevant permissions in place such as planning permission, landlord consent etc. Failure to do this will mean the application is not valid and will not proceed further.

## Other implications

41. We have considered our public sector equality duties under the Equality Act 2010 and an award scheme will not negatively impact on those protected by the Act. We would actively encourage applications from organisations who represent minority or vulnerable groups.

## Conclusion

42. Vital to the continued success of the SO Community Lottery is its ability to grow and develop into an established opportunity for the South Oxfordshire community to support its voluntary sector.

43. Of all the options for distributing the central fund, establishing an award scheme will have the biggest impact in the community and in terms of raising its profile to encourage more players and causes to sign up. It will also result in positive communications and public relations towards the work that the council is doing to support the voluntary and community sector.

44. By using some of the income we receive through the scheme to fund an annual Voluntary and Community Sector conference the council can continue to support the sector but also reduce the pressure on its revenue budget.

## Background Papers

- Original lottery business case
- Cabinet report for October 2017