

KETTERING TOWN COUNCIL

REPORT FOR DECISION

Item No:- 21/132

Committee:-	COUNCIL
Date:-	16 th February 2022
Author:-	Martin Hammond, Clerk
Report Title:-	Kettering Town Lottery Constitution
Wards Affected:-	All

1. Purpose of Report

To seek approval for the constitution of the Kettering Town Lottery and to agree priorities for how its proceeds will be used in the coming year.

2. Recommendations

The Committee is recommended to

- a) approve the attached constitution
- b) agree – or amend - in particular the long list of purposes to which the lottery will be put (para 2.2)
- c) Agree the priorities for spending in the 2022/23 year.

3. Information

- 3.1. It is good practice to set out the terms by which the lottery will be managed and for this to be transparent to all supporters of the lottery as well as the wider public. It is also required by the licensing authorities.
- 3.2. The attached document seeks to describe how the lottery will be managed, its governance and its financial management.
- 3.3. The document provides for 60% of all the proceeds of the charity to be available for good causes. This is higher than the 58% reported to Council in December when it agreed to select Woods Valldata as its partner. Woods Valldata subsequently advised that 65% of the proceeds would be available to the Council for good causes, after the deduction of prize

money and their administrative costs. A figure of 60% is proposed as a guaranteed minimum, as this Council, not Woods Valldata, will be responsible for the promotion of the lottery to potential supporters and the initial costs of that promotional work should be deducted from the proceeds when they arrive. A 5% deduction has been provided for.

3.4. The other major decision to be made is what good causes are to be supported, as this decision will be a significant factor in the promotional work to advertise the lottery and sign up supporters. Section 2.2 of the constitution provides a long list of potential purposes to which the proceeds can be put. **Members views on this long list are invited.** It is intended that the long list will provide an overall framework for the operation of the lottery but that each year, the Council makes a decision about which of these headings it wishes to prioritise, so that invitations can be made for organisations to make proposals for projects or services that could benefit from a grant from the lottery.

3.5. **Members are therefore asked to identify now their priorities for 2022/23.**

4. Consultation and Engagement

4.1. The lottery was the subject of consultation as part of the budget consultation.

4.2. The potential uses of the proceeds have been the subject of a further consultation with the Voluntary Sector Network during February and a verbal or supplementary report will be made of the consultation responses to inform members' decisions under 3.4 and 3.5 above.

5. Finance, Legal and Resource Implications

5.1. The administrative costs of the Lottery comprise a £300 set up fee and £40 for the initial licence. Subsequent licences will be £20 per annum.

5.2. A sum of £1300 has been included in the 2022/23 budget to allow for initial promotional work, which can be recovered in time from the proceeds. This is to meet up front costs and does not limit the amount of spending that might be committed during the year – the upper limit on total promotional spending will be 5% of the total proceeds.

5.3. A separate bank account will be open into which proceeds will be paid and grants and promotional costs drawn.

6. Policy Implications

The lottery is a corporate priority for the Council. It is also intended that it should not be a burden on council taxpayers and that all ongoing (not set up) costs should be met from proceeds from supporters.

Background Papers

Material from Woods Valldata

KETTERING TOWN WEEKLY LOTTERY

CONSTITUTION AND ARRANGEMENTS

1. Introduction

- 1.1 Kettering Town Council (KTC) , at its meeting on 15th December 2021 agreed to establish a community lottery, to raise money for good causes within the parish of Kettering.
- 1.2 The lottery will be known as the Kettering Town Lottery
- 1.3 This document sets out how the lottery will be administered and managed and how decisions will be made about the allocation of monies arising from the lottery.

2. Purpose of the Lottery

- 2.1. The lottery is established to raise money for local good causes, and the Town Council will, from time to time, decide which organisations or projects will be supported from the proceeds of the lottery, usually through a decision by its Finance and Governance Committee.
- 2.2. The purposes for which the lottery money can be used will be confined to
 - The **health and wellbeing** of residents of Kettering, including sports and activity provision, physical and health services and play facilities
 - **Housing** standards, homelessness services and improving access to housing in the parish of Kettering
 - Measures which improve the **safety and security** of residents of Kettering
 - Measures which improve access to **services for vulnerable people, care service** provision and **advice and information** services for residents of Kettering
 - Measures which assist residents of Kettering to develop their full potential, **develop skills and secure employment**
 - Measures which improve **sustainable lifestyles** and which improve biodiversity and tackle climate change

3. Governance

- 3.1 Only full Council can determine whether to change this constitution or to terminate the operation of the lottery.
- 3.2. The full Council will determine in advance at the start of each financial year, which of these purposes will be prioritized in that year and communicate these to existing and future supporters of the lottery to inform decisions by each actual and potential supporter about their participation in the lottery.
- 3.3. In making decisions about which organizations or projects to support, the Finance and Governance Committee shall:-
 - meet in public,
 - enable members of the public to express their view about options for use of the proceeds before a decision is taken and

- base their decision on information about how organisations and projects will make use of the money and what outcomes will be secured from the expenditure.
- 3.4. Organisations and projects will be given at least four weeks to make bids for the use of lottery proceeds for each round of spending. The Finance and Governance Committee will determine the frequency of each round of spending.
 - 3.5. The lottery will be administered in line with the license conditions applied by North Northamptonshire Council and the regulations and codes of conduct issued by the Gambling Commission.
 - 3.6. The Town Clerk of Kettering Town Council will be the responsible officer for the overall conduct of the lottery and for managing the contract and contractual relationship with the External Lottery Manager (see below).
 - 3.7. Nothing in this constitution will prevent a member of the Town Council from participation as a supporter of the lottery, provided that this is declared when a decision about the lottery or the use of its proceeds are made. Officers of the Town Council involved in the management of the lottery are however not permitted to be a supporter.

4. Management and administration

- 4.1. The Council will appoint an organisation accredited by the Gambling Commission to manage the lottery on its behalf (the external lottery manager, or ELM) .
- 4.2. From 1st April 2022, that organization will be Woods Valldata, of Lansdowne House, Bumpers Way, Chippenham, Wiltshire, SN14 6NG, trading as Affinity Lottery.
- 4.3. Whilst KTC remains legally responsible for the operation of the licence, all administrative arrangements, except those set out below, will be managed by Woods Valldata.
- 4.4. Woods Valldata (the ERM) will recruit supporters through an on-line portal. There is no restriction on the place of residence for supporters, provided it is within the UK. Supporters will be asked to sign up to a monthly direct debit and will be prevented from buying more than five “tickets” each week.
- 4.5. The fee for a lottery ticket will be £1.
- 4.6. The lottery draw will take place on a Friday each week, or another day where that Friday is a bank holiday. Prizes are as set out below.
- 4.7. The ERM will comply with the Councils’ privacy policy and the law in the way it retains and uses personal data held by each supporter. Only the surnames and town of residence will be published in respect of prize winners.
- 4.8. The Town Council shall be responsible for all regulatory reporting in relation to its and its supporters’/donors’ participation in the weekly lottery.
- 4.9. The Town Council will secure the necessary local authority or Gambling Commission licences.
- 4.10. All Intellectual Property Rights and all other rights in the Deliverables and the Pre-existing Materials shall be owned by the ERM

- 4.11 Appendix 1 sets out the respective roles and responsibilities of the Town Council and the ERM

5. Financial Control and prizes

- 5.1. The Town Council will make available a minimum of 60p in every £1 raised by the lottery to good causes as listed above. The remainder of the money will be reserved for prize money and administrative costs incurred by the ELM, and promotional costs incurred by the Town Council.
- 5.2. The Town Council may, in addition, set aside a sum of money in its ordinary annual budget to support publicity and promotion of the lottery and meet the costs of the licence.
- 5.3. The proceeds from the lottery, after deduction of prizes and administrative costs, will be paid into a bank account held by the Town Council which is separate from its normal business account. No other use will be made of this bank account.
- 5.4. The lottery money will be subject to external audit each year.
- 5.5. A number of guaranteed prizes will be awarded every week by random draw amongst supporters, such random draw to be carried out by the ELM by use of their random number generator software.
- 5 prizes of £20
 - 10 prizes of £10
 - 20 prizes of £5.
- 5.6. Two further prizes may be paid each week, depending on the following conditions. The ELM's software will randomly identify six numbers each week, against which all tickets will be matched. A person whose ticket matches all six numbers will be eligible for a £25,000 prize and those whose ticket matches five numbers will win a £1000 prize. These prizes will be met by the ELM.
- 5.7. Prizes will be paid to winners by the ERM
- 5.8. Appendix 2 sets out the cash flows as they will be managed by the ERM.

6. Communications and promotional work

- 6.1 The Council will ensure that material promoting the lottery accords with the Gambling Commission Codes of Practice.

ANNEX ONE RESPECTIVE ROLES AND RESPONSIBILITIES OF THE COUNCIL AND SUPPLIER

Management of the weekly Lottery

The Supplier shall:

- Hold and maintain valid remote and non-remote Gambling Commission ELM operating licences.
- Configure and manage a Lottery system on behalf of the Charity including full integration with BACS systems and random number generator software
- Set-up a website using a Lottery framework template and branded assets provided by the Council in the Website Briefing Template
- Host the website
- Provide and maintain a Lottery hotline facility
- Manage the Lottery hotline and handle all telephone enquiries
- Process data received via the website.
- Process data received from the Society.
- Manage the processing of Direct Debits using the suppliers Service User Number as a Facilities Managed Service
- Send customer services and administrative letters
- Send advance notice letters
- Manage the weekly draw. in accordance with the Gambling Commission's Licensing Conditions and Codes of Practice (LCCP). For the top tier insured prizes, the Supplier shall use its Random Number Generator software to select six numbers from 1 to 49.
- Manage the insurance and winners' prizes.
- Provide weekly data exports.
- Provide a suite of reports
- Provide a summary report of key information required for the Gambling Commission returns.

The Council will

- Be responsible for managing all player recruitment and associated third parties.
- Be responsible for ensuring that the Gambling Commission requirement that at least 20% of the gross proceeds are directed to the purpose of the charity for the first and all subsequent draws.
- Hold and maintain either a valid remote and non-remote Gambling Commission operating licences or a Local Authority licence
- Hold and maintain relevant licences for key individuals
- Ensure all aspects of the Licence Conditions and Codes of Practice (LCCP) are understood and followed in relation to running a lottery
- Register their lottery website with the Gambling Commission if required
- Be responsible for any age verification checks across the player pool based on the requirements set out in the Gambling Commission LCCP.
- Provide all Council Materials as requested by the supplier
- Manage the provision of Council data in the pre-agreed formats Data Management

Data Management

The Supplier will hold the accounting data for all lotteries for a period of at least 3 years from the draw date to ensure it meets its legal requirement to have the data available to substantiate and support its Gambling Commission returns

The Deliverables to be provided by the supplier include:-

- a) Affinity Lottery platform

- b) Weekly lottery draw
- c) Facilities Management of Direct Debits
- d) A regular suite of export files containing data captured/processed in standard formats
- e) A telephone number to be used for the Affinity Lottery hotline call handling
- f) Letter proofs for all new letter set-ups and amends for KTC approval where required

