Leicester City Council

Scrutiny Review

The Viability and Appropriateness of a Community Lottery

A Review Report of the Neighbourhoods Scrutiny Commission

Neighbourhoods Services SC - 28th September 2020
Overview Select Committee – 3rd December 2020

Leicester City Council

Contents

Neighbourhoods Scrutiny Commission

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Information was provided on lottery consideration in the following local authorities:

Cambridgeshire County Council
Harrow MB Council
Aylesbury Vale BC
Shropshire County Council
South Staffordshire Council

FOREWORD

It gives me great pleasure to present this report on behalf of the Neighbourhood Services Scrutiny Commission, but I would first of all ask us to reflect on a sad loss to the Commission, the council and the wider community. The review was instigated and was being progressed by Cllr Jean Khote as chair of this scrutiny commission.

Unfortunately, and sadly, Cllr Khote fell ill and died in February of this year. She was a dedicated and popular councillor and the work of this task group has progressed in her shadow and in her memory.

The disastrous development of the coronavirus pandemic also cast a heavy shadow over the city, its communities and the work of the authority. We did not take any specific evidence about how this event might affect our considerations.

We took evidence from a wide range of organisations and individuals and looked at how a community lottery might operate in Leicester and how similar schemes have operated within other communities.

We are grateful in particular to the comprehensive briefing provided by City Council officers which we found informative and well-balanced. It was important in helping us as members navigate our way around the key issues relating to the setting up and running of a local lottery.

There were two key issues within our final considerations. One was: Who stands to gain? The other was: Who might lose?

The second question was perhaps easier to answer. The council could in some circumstances, particularly if the community lottery was not to be successful, could suffer financial and reputational damage. But perhaps more importantly, over time this commission has received important evidence about how damaging the effects of gambling can be.

Evidence to the Commission's review of the impact of fixed odds betting terminals showed that gambling can extract a terrible toll even at low levels of spending. Inevitably this had the most significant impact on the poorest members of our communities.

A range of local organisations and community groups might stand to gain, in financial terms, from the proceeds of a community lottery, but to what extent is not clear. It was our view that this community gain would also come at a community cost. In the light of the wider issues of poverty within or communities the commission felt the right thing to do was to reject the proposal of a community lottery at this time.

Councillor Aminur Thalukdar

Acting Chair of Neighbourhoods Scrutiny Commission

EXECUTIVE SUMMARY

1.1 Background to the Review and Key Findings

1.1.1. The purpose of this review is to highlight the potential risks, benefits, and the impacts involved for Leicester City Council in considering the option of setting up and running a local community lottery.

1.1.2. As budget pressures continue to grow on all aspects of the council's work, there will continue to be an impact on the funding available for the voluntary and community sector in Leicester.

1.1.3. New funding and income generation options need to be considered. Many councils are now operating or considering a local Community Lottery as a means of accessing new funding to support local causes.

1.1.4. However the Commission also considered whether, however profitable a local lottery might be, it would be appropriate for the Council to set up such a fund-raising system within the city.

1.1.5. The Commission considered evidence from a range of authorities on why and how they had set up a local lottery. There was also information on why councils had decided against setting up a local lottery.

1.1.6. The Commission also considered the impact of gambling in a previous Neighbourhood Services and Community Involvement report on Fixed Odds Betting Terminals which found that even comparatively low levels of gambling could have a seriously disruptive impact on households struggling with debt.

1.1.7. The impact of gambling will have been amplified in successive years because of a range of measures limiting housing and other benefits, and by the introduction of Universal Credit, which has typically caused extreme, if short-term, income crises.

1.1.8. Members considered that in the light of local and national evidence to the Commission, and the existing range of gambling options, the Task Group would recommend that the council should not introduce a local lottery.

RECOMMENDATION

1.1.9. **The Neighbourhoods Scrutiny Commission considers that the setting up of a local lottery in Leicester should not be pursued at this point. The scheme would have a disproportionate impact on the most vulnerable individuals, households and communities in Leicester and would not be consistent with the aims and objectives of the city council's developing Anti-Poverty strategy.**

REPORT

1.1.10. **Background**

1.1.11. Local Authorities have been receiving less and less Central Government money over the years to deliver and improve local services, so other options for accessing funds need to be considered.

1.1.12. In September 2019 the Neighbourhood Services Commission was asked to explore the viability of a community lottery and drew up a scoping document to review the possibility, viability and desirability of setting up a locally based lottery within Leicester.

1.1.13. A copy of the scoping document can be found at Appendix A.

1.1.14. A task group meeting took place in October 2019. However, it was not possible to set up further meetings due to a combination of circumstances, including General Election campaign, the Covid-19 crisis and the unfortunate illness of the Chair of the Commission.

1.1.15. The task group members and officers commend Late Councillor Jean Khote for her dedication and leadership.

1.1.18. A comprehensive position paper on the issues relating to a possible Community Lottery was provided by officers. This paper can be found in APPENDIX B.

1.1.19. Some local Authorities have reported facing a number of issues and potential challenges in the process of setting up local lotteries. Some areas were concerned that other lotteries, other than obvious national lotteries (The National Lottery, Euro millions, The People's Postcode Lottery etc.) were being delivered in the local area and that this could provide competition and lead to low take up to the local lottery.

1.1.20. A local authority lottery scheme does not generate income directly for the council. Charities or good causes generally receive up to 60% per £1 ticket sold, with 20% distributed as prize money and 20% retained for administration.

1.1.21. A number of local authorities have now created local lotteries. These tend to be done through specialist operators. Gatherwell is one of the leading companies involved in this market and provide lotteries for some 60 authorities. A list provided by Gatherwell of councils for which they operate a local lottery can be found in APPENDIX C.

1.1.22. In schemes operated for other authorities, tickets are sold at £1 each and draws take place weekly. Sums generated by the lottery are paid to community bodies/ charities and are not available to the City Council. A procurement exercise would be required to select an operator.

Advantages of a local lottery

- New funding for good causes
- Zero or minimal costs to the Council other than start-up costs
- Greater public exposure for local causes and additional opportunities for support which they may not otherwise receive
- Players can choose the causes they support from those who have subscribed to the scheme
- Opportunity for the Council to influence which causes are supported

Disadvantages of a local lottery

- Amount generated for good causes is tiny, and unlikely to be worth the effort (median estimate is £40,000 a year)
- The City Council could be deemed to be encouraging gambling
- Negative attention from the media is likely (as was the case with Aylesbury Vale) – **The Bucks Herald, 2015**
- A gambling license would need to be obtained
- The Council will be responsible for marketing the lottery, and therefore will have to bear the initial expense of doing so
- Leicester residents who are on low incomes may play the lottery, hoping for a win, but ending up worse off
- Prizes offered are small relative to the 1,000,000/1 chance of actually winning the jackpot (e.g. **Lyme Lottery, 2019)**
- Increased competition for charities running their own lotteries (Rainbows Hospice, LOROS, etc.)
- Potential impact on collection of council tax

THE LEICESTER CONTEXT

A local lottery: the costs to Leicester City Council

1.1.23. Costs are estimated at £10,000 in year one, falling to £3,000 to £5,000 thereafter, based on the information shared by Newcastle-Under-Lyme Borough Council (2019). These could be recouped from the lottery proceeds, if these are sufficient. Income figures below suggest they could be after year one. Any surplus is added to the amount for good causes.

1.1.24. There is an administrative effort required to launch any scheme in year one. At **Newcastle** this involved a launch event at a theatre along with promotions including billboards, media coverage and advertising campaigns. Subsequent promotion could be done through the Council's website and social media platforms.

1.1.25. The Council would be responsible for approving applications by good causes to join the lottery. The Council would also have to authorise monthly payments and prepare a Gambling Commission lottery return.

Local lottery income

1.1.26. Annual income estimates are based on figures provided by Gatherwell, tempered by figures actually achieved at Portsmouth, whose scheme is operational. This suggests a best-case scenario of 2,000 ticket sales a week and a prudent best estimate of 1,500.

1.1.27. Income is split into percentages pre-determined by Gatherwell, as shown below. Gatherwell retains 17% of the income generated.

Annual Tickets (£1 each)				
Breakdown	**Amount**	**39,000**	**78,000**	**104,000**
Gatherwell	£ 0.17	£ 6,630.00	£ 13,260.00	£ 17,680.00
Prizes	£ 0.20	£ 7,800.00	£ 15,600.00	£ 20,800.00
Good causes	£ 0.50	£19,500.00	£ 39,000.00	£ 52,000.00
Council admin	£ 0.10	£ 3,900.00	£ 7,800.00	£ 10,400.00
VAT	£ 0.03	£ 1,170.00	£ 2,340.00	£ 3,120.00
Total	**£ 1.00**	**£39,000.00**	**£ 78,000.00**	**£104,000.00**

Leicester City Council Anti-Poverty Strategy

Leicester City Council's Anti-Poverty Strategy is being developed in the context of the city having some of the most deprived communities in the country. This deprivation is a reflection of high unemployment in some parts of the city combined with low wages Leicester's deprivation is reflected in the publication of IMD (Indices of Multiple Deprivation) data in 2019.[1]

1.1.28. The main features of the IMD data for Leicester are as follows:

- The most deprived areas of Leicester have generally remained unchanged since 2015 and social housing estates feature prominently.
- There are fewer Leicester areas amongst England's most deprived 10% of areas, falling from 46 to 39[2].
- Two areas have slipped into England's most deprived 10%; these are in Saffron and Eyres Monsell
- Six areas in the city are ranked within the most deprived 1% in England. They are: Saffron (2), New Parks (1), Braunstone (2) and Fosse (1)

[1] The level of Leicester deprivation within the IMD data may be understated in that (pre-Coronavirus) the city had higher levels of stated employment than other similarly deprived councils – but that the employment was mainly low wage, low productivity work, with zero-hours contracts featuring significantly.

[2] This may reflect other areas also becoming more deprived as well as improvements within Leicester.

1.1.29. Leicester is amongst the 10% most deprived of local authorities for:

- Income
- Education, Skills and Training
- Income Deprivation Affecting Children
- Income Deprivation Affecting Older People

1.1.30. Income deprivation affecting children (aged 0-15 in income-deprived families) indicates that:

- Leicester is amongst the most deprived 10% local authorities for Income Deprivation Affecting Children and reports a more deprived rank in 2019
- 16% of Leicester's 0 to 15-year-olds live in the most deprived 5% of areas nationally.
- 43% of 0 to 15-year-olds live in the most deprived 20% of areas nationally.

1.1.31. The picture among older people presented by the IMD data is that:

- Leicester is amongst the most deprived 10% local authorities for Income Deprivation Affecting Older People and reports a more deprived rank in 2019.
- 21% of Leicester's 60+ population reside in the most deprived 5% of areas nationally.
- 50% of Leicester's 60+ population year olds reside in the most deprived 20% of areas nationally.

1.1.32. Against the local picture of low-income and vulnerable evidence there is evidence at national level that gambling, including playing the National Lottery, impacts excessively on low-income households.

1.1.33. An international study[3] published in 1995 looked at the impact of the introduction of the National Lottery and concluded that:

> ***The increase in average gambling expenditure associated with the introduction of a national lottery in the United Kingdom has led to a pronounced increase in the prevalence of excessive gambling, especially in low-income households. This is likely to increase the prevalence of gambling disorders and to exacerbate social inequalities in health.***

1.1.34. The study found that the proportion of low-income households (on less than £200 a week) that gambled more than 10% of their income increased from 0.6% to 3.2%.

[3] https://pubmed.ncbi.nlm.nih.gov/10946444/

GAMBLING ISSUES WITHIN LEICESTER

1.1.35. The Neighbourhood Services and Community Involvement Scrutiny Commission in 2016 published a review which looked at the impact of gambling on individuals and communities within Leicester.[4]

1.1.36. The report examined the specific impact of Fixed Odds Betting Terminals (FOBTs) but received evidence on the impact of a wide range of gambling practices across the city.

1.1.37. It concluded that:

> ***"Members found there was a lack of detailed local evidence about the impact of gambling on individuals and communities. However a sample survey conducted for this review found there were sometimes devastating consequences of gambling for individuals.***
>
> ***For some the spending of comparatively small sums of money appeared to have had a disruptive effect on household finances. In other cases losses for some people ran into tens of thousands of pounds"***

1.1.38. The issues relating to a local lottery clearly do not involve the precipitate and disastrous losses of large sums of money in a short period of time. However a survey was conducted on behalf of the FOBT review by members of STAR, Leicester City Council's Supporting Tenants and Residents organisation. The results of the survey can be found in APPENDIX D.

1.1.39. Almost by definition STAR staff were (and are) dealing with households in financial difficulties. And it is worth noting that the government's squeeze on housing-related benefits, as well as the introduction of Universal Credit, will have increased the strains on household budgets in the period since 2016, when the STAR survey took place.

1.1.40. Cath Lewis, the STAR service manager, summarised the survey results at an NSCI task group meeting. The minutes of the meeting say:

"(Her) paper reflected a sample of cases – both walk-in short-term clients and others going through a longer, more complex, relationship with STAR case workers. The 46 cases probably reflected about a third of the agency's workload for the week.

STAR worked with 22,000 tenants and when they were referred to the agency many were in serious difficulties and often facing eviction and

[4] The impact of gambling on vulnerable communities in Leicester: NSCI: April 2016

family break-up. Over the last year STAR had worked with around 3,500 clients.

She said the agency had not been collecting specific data on gambling issues but had agreed to run a pilot – and was surprised to find how significant the issue was.

Key findings were:

- *20 out of 46 clients questioned said they had some form of gambling problem.*
- *Scratch cards and lottery tickets were identified as the main source of gambling*
- *Betting shops featured in 12 of the 20 cases*
- *Thirty-five of the clients were white British.*
- *Twenty-two described themselves as single and aged between 25 and 55*
- *The gender split was 19 females and 27 males.*[5]

The responses indicated that some clients used multiple gambling outlets (the total numbers involving betting shops and lottery/scratch card users was greater than the number of clients reporting gambling issues.

1.1.41. The review report said:

> *"More than half of those polled by STAR officers (26 out of 46) stated that they did not have any issues with gambling. Eleven of those who said they did not have an issue with gambling said they bought lottery and/or scratchcards.*
>
> *Just 14 out of 46 clients interviewed said they did not gamble in any way, which implies that almost 70% of those questioned identified themselves as having a gambling habit, or at least identified that they did gamble.*
>
> *Some of the comments which clients made indicated a high level of self-awareness about the economic, social and emotional damage of gambling. What is significant is not the high levels of gambling spend, distressing and damaging as these might be – it is the fact that comparatively low levels of spending (at least for many people) can cause deep damage to individuals and their families.*
>
> *In many cases the council is a victim in that it is losing money – rent or council tax – which should be going to the*

[5] There was some surprise at the comparatively high number of women against expected figures; gambling is often seen as mainly a male issue.

housing revenue account. Further, the authority may have to deal with the consequences of debt – through making a family or individual homeless then providing resources to ensure they continue to have some form of shelter rather than being on the street."

1.1.42. Another aspect of gambling considered by the commission at that time was the potentially addictive nature of gambling, and its links to mental health issues.

1.1.43. The themes of addiction, mental health issues and their relationship to gambling are referred to separately in the Equalities Implications comments in section 2.3.

The Gambling Commission

1.1.44. The Gambling Commission has set out its views on local lotteries and says these are a form of gambling and as such local authorities are required to ensure children and other vulnerable people are not exploited by their lottery.

1.1.45. It says the minimum age for participation in a society or local authority lottery is 16 years of age. A person commits an offence if they invite or allow a child to enter such a lottery. Licensed societies and local authorities running lotteries must have written policies and procedures in place to help prevent and deal with cases of under-age play.

1.1.46. It advises that lotteries are a form of gambling and as such societies and local authorities are required to ensure that children and other vulnerable people are not exploited by their lottery.

1.1.47. Licence holders must take all reasonable steps to ensure information about how to gamble responsibly and how to access information and help in respect of problem gambling is readily available.

1.1.48. In other respects the Gambling Commission has a light touch approach to local lotteries, and does not see them as a serious issue in the context of other gambling issues.

CROWD-FUNDING LEICESTER

Crowdfunding is the practice of funding a project or venture by raising small amounts of money from a large number of people, typically via the Internet.[1][2] is a form of crowdsourcing and alternative finance. In 2015, over US$34 billion was raised worldwide by crowdfunding.[3]

Although similar concepts can also be executed through mail-order subscriptions, benefit events, and other methods, the term crowdfunding refers to Internet-mediated registries.[4]

This modern crowdfunding model is generally based on three types of actors: the project initiator who proposes the idea or project to be funded, individuals or groups who support the idea, and a moderating organization (the "platform") that brings the parties together to launch the idea.[5]

Crowdfunding has been used to fund a wide range of for-profit entrepreneurial ventures such as artistic and creative projects, medical expenses, travel, and community-oriented social entrepreneurship projects

1.1.49. While some authorities have looked to local lotteries to provide support to third parties such as charities and community groups, another mechanism also provides help for such organisations in the form of crowd-funding appeals.

1.1.50. This takes the form of crowd-funding, whereby individual projects or organisations seek to raise money from the public, and is supported by a range of partners, including local Crowdfunding authorities.

1.1.51. Leicester City Council set up a crowd-funding initiative in 2017, in partnership with Spacehive, which is an agency which partners authorities in similar projects across the country.[6]

1.1.52. Supported by the City Mayor it is backed by a £100,000 fund and will offer up to £10,000 to support projects which are crowd-funding.

1.1.53. Council support comes through the Community Engagement Fund, set up to support innovative projects that address the general aims of the Public Sector Equality Duty, in particular by:

- Eliminating discrimination, victimisation and harassment;
- advancing equality of opportunity;
- fostering good relations between communities and groups[7].

1.1.54. There are also other things that are considered before funding, including the level of community interest and support, as well as

[6] https://www.spacehive.com/movement/crowdfundleicester
[7] https://www.spacehive.com/movement/crowdfundleicester?platform=hootsuite

overall progress towards reaching the campaign target as projects move along. Where there are good levels of interest and strong prospects that campaigns will be successful without a contribution from the Council then we will not always make a contribution from the Community Engagement Fund. This is in keeping with the notion of crowdfunding and our efforts to encourage funding and support from the widest and most appropriate range of funders as possible.

As an overview of the campaigns since our first full year i.e. 2018:

- ✓ 2018 – 4 campaigns received a total of £14,500 from the Community Engagement Fund.
- ✓ 2019 – 4 campaigns received a total of £14,250 from the Community Engagement Fund. Note: the number of campaigns supported in both years i.e. 4, and the similar funding level is coincidental and not intentional.
- ✓ 2020 to date – 3 campaigns have received a total of £11,000 from the Community Engagement Fund.

Total Leicester City Council fund (including Ward Community Meeting funds) contribution to date - £46,250

Total contributions from other backers - £359,495

Total backing for all 18 successful campaigns to date - £405,745

1.1.55. The scheme is also supported financially by the city's Business Improvement District (BID) and Highcross Leicester and has been able to work with councillors through ward community funds.

1.1.56. A range of projects has successfully raised funds through the crowd-funding mechanism, and a total of 37 schemes, either successful or in preparation, is listed on the Spacehive site. [8]

1.1.57. They include a proposed Joe Orton memorial, a Little Theatre memorial fund-raiser and community drumming for residents in Beaumont Leys.

OTHER OPTIONS

1.1.58. As the chances of winning the National Lottery jackpot are extremely slim (around 45,000,000/1), players may be willing to accept the smaller jackpot offered by the Local Authority lottery, as it is half the price to play and there is a greater chance of winning.

[8] https://www.spacehive.com/movement/crowdfundleicester/projects

1.1.59. However alternative lottery options are also available. One is the Health Lottery. It is the same price to play and the jackpot offered is four times that of the Local Authority lottery. Having said that, the odds against winning are more than double that of the Local Authority lottery and the jackpot prize would be split if there were multiple winners. (**The Health Lottery, 2019**)

1.1.60. There are also more specialised versions of the lottery that offer a better risk/reward balance for players. Online betting companies such as Betfred offer options to players that allow them to only play a certain amount of numbers from the lottery draw.

1.1.61. As some lotteries have a "fairer" reward available, relative to their chances of winning, the Local Authority Lottery may be seen as unfair. The charitable donations offered may seem desirable to some, but many people will be playing the lottery mainly to win and will therefore look elsewhere to find greater chances of winning.

1.1.62. Those whose main aim is to donate to charity can do so themselves with 100% of the donation going to the charity (plus Gift Aid where applicable), rather than 50% of a lottery ticket. Most authorities operating lotteries are smaller bodies, such as borough and district councils, though some London authorities and counties run such schemes. Within Leicestershire, for example, lotteries are run by **Blaby, Charnwood, Harborough** and **Melton councils**.

1.1.63. Additionally, some members of the public are likely to take the view that operating a local lottery will be a precursor to further spending cuts on services, as was the case with locals in Aylesbury Vale[9] (**The Bucks Herald, 2015**).

[9] - http://www.bucksherald.co.uk/news/vale-lottery-slammed-for-promoting-gambling-in-aylesbury-1-6953502

1.1.64. **Cambridgeshire County Council**[10] considered setting up a local lottery but in February 2020 decided to abandon the effort, considering that the effort involved would be great and the benefits rising not significant enough. A report by the commercial and investment committee concluded that "whilst there may be some financial benefit for charities" the positives were outweighed by the negatives.

1.1.65. **Shropshire County Council** considered setting up a local lottery but rejected it[11] on the grounds that the scheme would not provide enough benefits to the authority.

1.1.66. **South Staffordshire Council** Community Lottery was launched in 2017 to raise funds to support the district's community and voluntary sectors. However, the community lottery that aimed to raise £100,000 to support good causes in South Staffordshire netted less than half the target amount by the end of the 2019 financial year.[12]

1.1.67. A report to the council said: "In order to support officers with marketing and public relations a new marketing consultancy has now been appointed. The South Staffordshire Community Lottery will be a key focus area."

1.1.68. **Harrow Council**, in West London, agreed in 2018 to set up a local lottery, awarding a five-year management contract to Gatherwell worth almost £175,000.[13]

1.1.69. The council is considering raising the profile of the lottery through a fresh marketing exercise; this has been put on hold due to the financial and social disruption caused by the Coronavirus pandemic.

CONCLUSIONS

[10] https://www.cambstimes.co.uk/news/county-council-scraps-lottery-proposal-1-6495654
[11] https://www.shropshirestar.com/news/local-hubs/shrewsbury/2019/07/19/community-lottery-plan-rejected-by-council/
[12] https://www.expressandstar.com/news/local-hubs/staffordshire/south-staffordshire/2019/07/10/community-lottery-significantly-below-income-target-of-100k/
[13] https://www2.harrow.gov.uk/mgChooseDocPack.aspx?ID=64379

1.1.70. It is valid for the council to consider setting up a locally-focused community lottery, a route to raising funds for local organisations undertaken by a wide number of other local authorities.

1.1.71. Most councils which have set up local lotteries have a very different profile to that of Leicester, and it is not especially helpful to make direct comparisons and draw meaningful conclusions from the experiences of other authorities.

1.1.72. Having acknowledged that a number of local lotteries have not performed as hoped for or expected, and this trend is likely to have been accentuated by the Coronavirus pandemic.

1.1.73. In Leicester there already exists a number of opportunities to take part in lotteries. There is also the option of the city council's crowd-funding scheme, which achieves the objectives of local lotteries in that is supports local initiatives, projects and organisations.

1.1.74. Community contributions to crowd-funding schemes do not involve betting with the prospect of winning a significant amount, though there may be social "returns" through investing in the local community.

1.1.75. The most significant issue for members to consider is the potential damage done to vulnerable individuals, households and communities by gambling. The 2016 NCSI report on fixed odds betting terminals (FOBTs) noted that even comparatively small sums being bet could be hugely disruptive to the people involved and their families.

1.1.76. Mental health problems, including a range of addictive or compulsive behaviours, are associated with betting problems and have a significant impact on vulnerable communities and individuals. These factors are set out in significant detail within the equality impact comments in section 3.3.

1.1.77. Members may consider that promoting a local lottery would not be consistent with the wider aims and values of the authority, particularly within the framework of the developing anti-poverty strategy.

2. Financial, Legal and Other Implications

2.1 Financial Implications

The establishment of a community lottery would require initial investment in terms of launch and marketing costs. The report also highlights the need for an ongoing profile to retain and stimulate ticket sales. Some administration costs would also be incurred.

The council would not directly benefit from any funds raised as net profits would be directed towards community organisations. The council would also have to administer a process to identify “eligible” organisations and keep this up to date.

The report identifies concerns specifically related to low income households and poverty in the city. The link to gambling issues and debt is also clearly identified and the potential adverse impact on housing rent and council tax collection.

Alison Greenhill, Director of Finance, Leicester City Council

2.2 Legal Implications

There are no legal implications arising from the recommendations but, in the event this is revisited legal advice should be sought on any proposed scheme and arrangements.

Emma Jackman, Head of Law (Commercial, Property & Planning), Leicester City Council.

2.3 Equality Implications

Community lottery– initial equalities considerations
There are conflicting views about whether problem gambling is an addiction or a 'behavioural' issue, however the NHS defines addiction as "not having control over doing, taking or using something to the point where it could be harmful to you".
https://www.nhs.uk/live-well/healthy-body/gambling-addiction/?tabname=body

Addiction, in and of itself, may not be deemed **a protected characteristic**, however there may be a disproportionate amount of people with particular protected characteristics who are affected by addiction, and, in particular, gambling addiction.

People who engage in problematic gambling are often young, male and come from families where gambling is the norm. But this is not always the case – people who gamble problematically can come from all walks of life, and population demographics are better at predicting what type of gambling someone will partake in, rather than whether or not they will have gambling problems.

Gambling and co-morbidity

Perhaps more than any other addiction, compulsive gambling is often accompanied by drug or alcohol dependency. In addition, gambling addiction is often accompanied by psychological disorders including mood disorders, anti-social personality disorders, depression, anxiety and insomnia.

Some research has found that people who have co-occurring substance abuse disorders and gambling disorders also tend to have higher rates of attention-deficit hyperactivity disorder (ADHD), risky sexual behaviors, and antisocial personality disorder (Jazaeri and Habil, 2012).

Many of these psychological disorders may potentially meet the definition of disability under the Equality Act 2010, in individual cases. The definition under the Equality Act 2010 is; If you have a physical or **mental** impairment that has a 'substantial' and 'long-term' negative effect on your ability to do normal daily activities.

- 'substantial' is more than minor or trivial, e.g. it takes much longer than it usually would to complete a daily task like getting dressed
- 'long-term' means 12 months or more, e.g. a breathing condition that develops as a result of a lung infection

Therefore, it could be considered that there may be a link between gambling and disability (a protected characteristic) that would need to be considered proactively to understand the impacts and potentially to consider how any disproportionate negative impacts (if identified) could be mitigated for this group, prior to making a decision.

The impacts of gambling addiction
Compulsive gambling can lead to a wide range of problems that may well accumulate over time. A Swedish longitudinal study found that gamblers were 15 times more likely to die by suicide (Karlsson and Hakansson, 2018). Although, it is hard to isolate the role played by gambling, due to co-morbidity, which refers to the existence of multiple overlapping factors that may be present in subjects who take their own life.

For instance, if a subject was diagnosed with depression as well as a gambling disorder, the likelihood of suicide increased even further, but the risk did not appear to rise if substance misuse was added.
Having said this, the research cited above is not specific to community lotteries.

Equalities approach and statutory responsibilities under the Equality Act 2010

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Due regard to the Public Sector Equality Duty should be paid before and at the time a decision is taken, in such a way that it can influence the final decision.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

In deciding whether to pursue a proposal to a have a community lottery, these considerations around risk factors and the impact on protected characteristics will need to be considered. However, should it be recommended that this is a proposal that can be scoped and potentially pursues, **a full EIA would be needed to examine, in detail, the impacts for people with different protected characteristics** and in order to ensure that, as an authority, we pay due regard to the Public Sector Equality Duty. This should be an integral part of the decision-making process.

Risk Factors

Several risk factors are related to gambling addiction, including;
Sex – Males are more likely to develop gambling disorder than females. Males are also more likely to develop the disorder at a younger age

- Age – Young and middle-aged adults are more likely to develop a gambling disorder than older adults.

- Ethnic background – people from ethnic minority groups may be more likely to be affected in some contexts
- Psychiatric history – Gambling disorders are more common in people who have anxiety, impulse control, depressive, and certain personality disorders.
- Substance abuse history – People with a substance abuse disorder are more likely to have a gambling disorder. Alcohol use disorders are particularly common in people who are diagnosed with a gambling addiction.
- Socioeconomic status – Gambling disorders are more common among people who live in lower socioeconomic areas

(American Psychiatric Association, 2013).

These would all need to be explored in relation to any proposal, along with other protected characteristics.

References

Jazaeri S, Habil MHB. (2012). Reviewing Two Types of Addiction – Pathological Gambling and Substance Use. *Indian Journal of Psychological Medicine, 34(1), 5-11*.
American Psychiatric Association. (2013). *Diagnostic and statistical manual of mental disorders (5th ed.).* Arlington, VA: American Psychiatric Publishing.
Karlsson, A., & Håkansson, A. (2018). Gambling disorder, increased mortality, suicidality, and associated comorbidity: A longitudinal nationwide register study. Journal of Behavioural Addictions, 7(4) 1091-1099. https://doi.org/10.1556/2006.7.2018.112

Equalities Team, Leicester City Council

3. Summary of Appendices

Appendix A – Review scoping document
Appendix B – Briefing paper from Leicester City Council
Appendix C – List of councils whose local lottery is operated by Gatherwell.
Appendix D – Results of STAR survey
Appendix E - Executive Response template

4. Officers to Contact

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APPENDIX A

SCOPING DOCUMENT FOR THE REVIEW - THE VIABILITY AND APPROPRIATENESS OF A COMMUNITY LOTTERY

Title of the proposed scrutiny review	**Scrutiny Review of 'The Viability and Appropriateness of a local Community Lottery'**
Proposed by	Cllr Jean Khote, Chair of Neighbourhood Services Scrutiny Commission
Rationale Why do you want to undertake this review?	As budget pressures continue to grow on all aspects of the council's work, there will continue to be an impact on the funding available for the voluntary & community sector in Leicester. Therefore, new funding and income generation options need to be considered for the future. Many other councils are now operating or in the process of setting up a local Community Lottery as a means of accessing a new funding stream to support local good causes. Leicester City Council may want to consider the viability of a local Community Lottery as one option to raise funds for good causes.
Purpose and aims of the review What question(s) do you want to answer and what do you want to achieve? (Outcomes?)	The purpose of this review is to highlight the potential risks, the benefits and the impacts involved for Leicester City Council in considering the option of a local community lottery. It is hoped that the following outcomes would be achieved: • Understanding of what a Community Lottery is • Consider what the impact a Community Lottery would have on a Leicester's communities, including ethical and social implications as well as equalities implications • Understand what the resource implications for setting up and maintaining the Lottery are • Consider how current Council strategies and funding support for the VCS would impact having such a lottery system
Links with corporate aims / priorities How does the review link to corporate aims	This review topic links into the support for the city's *neighbourhoods and communities.*

and priorities?	Consideration to be given to: • The council's commitment to anti-poverty and the current work to develop an Anti-Poverty Strategy • The recent Scrutiny review into 'The Impact of Gambling on Vulnerable Communities' • Existing support for the voluntary and community sector for example via Crowdfund Leicester
Scope Set out what is included in the scope of the review and what is not. For example which services it does and does not cover.	The review will include: • the financial aspects and impacts • the ethnical and social implications • the resource implications • the risks and benefits to the council and the community The review will **not**: • set out a methodology of how to implement a community lottery, it will only consider the viability of having one.
Methodology Describe the methods you will use to undertake the review. How will you undertake the review, what evidence will need to be gathered from members, officers and key stakeholders, including partners and external organisations and experts?	The review evidence gathering will include: • Best practice and experience of other councils • Relevant supporting research reports and documents • Views of councillors re: impacts to wards
Witnesses Set out who you want to gather evidence from and how you will plan to do this	• LCC Financial and Community Services lead directors • LCC Lead Executive Members (e.g. Cllr Clair, Cllr Russell) • Council's regulatory responsibilities and impacts – lead directors • Council support for VCS – lead officers • Evidence from other councils
Timescales How long is the review expected to take to	Two months

complete?	
Proposed start date	October 2019
Proposed completion date	End of December 2019
Resources / staffing requirements Scrutiny reviews are facilitated by Scrutiny Officers and it is important to estimate the amount of their time, in weeks, that will be required in order to manage the review Project Plan effectively.	The review can be conducted within the resources of the scrutiny team. It is estimated a total of three weeks of collective time over the proposed period will be required to support the review and prepare the report.
Do you anticipate any further resources will be required e.g. site visits or independent technical advice? If so, please provide details.	No outside technical advice is envisaged to be needed.
Review recommendations and findings To whom will the recommendations be addressed? E.g. Executive / External Partner?	ALL recommendations will be directed to the City Mayor and Executive.
Likely publicity arising from the review - Is this topic likely to be of high interest to the media? Please explain.	It is expected that this review will generate medium media interest and the Lead Directors, the Executive lead and the council's communications team will be kept aware of any issues that may arise of public interest.
Publicising the review and its findings and recommendations How will these be published / advertised?	There will be a review report that will be published as part of the commission's papers on the council's website.

How will this review add value to policy development or service improvement?	The review hopes to set out clearly the potential impacts, the risks and the possible benefits of a local community lottery option.
Executive Lead's Comments The Executive Lead is responsible for the portfolio so it is important to seek and understand their views and ensure they are engaged in the process so that Scrutiny's recommendations can be taken on board where appropriate.	I am happy to be part of this review taken up by the Neighbourhood Services Scrutiny Commission Councillor Piara Singh Clair, Deputy City Mayor
Divisional Comments Scrutiny's role is to influence others to take action and it is important that Scrutiny Commissions seek and understand the views of the Divisional Director.	Local lottery schemes have attracted significant negative media elsewhere in the country. Careful consideration needs to be given to align with the Council's key strategic priorities, particularly anti-poverty.
Are there any potential risks to undertaking this scrutiny review? E.g. are there any similar reviews being undertaken, on-going work or changes in policy which would supersede the need for this review?	Negative publicity, conflict with gambling scrutiny review and conflict with the emerging anti-poverty strategy.
Are you able to assist with the proposed review? If	Yes, research resource will be available

not, please explain why. In terms of agreement / supporting documentation / resource availability?	
Name	Alison Greenhill
Role	Director of Finance
Date	22 August 2019
Will the proposed scrutiny review / timescales negatively impact on other work within the Scrutiny Team? (Conflicts with other work commitments)	It is anticipated that there will no adverse impact on the scrutiny team's work, to support this review but it must be anticipated that there may need to be some prioritising of work done during the time of this review.
Do you have available staffing resources to facilitate this scrutiny review? If not, please provide details.	The review can be adequately support by the Scrutiny Team as per my comments above.
Name	Kalvaran Sandhu, Scrutiny Support Manager
Date	21/08/19

APPENDIX B

Local Authority Lotteries – Evidence Briefing for Task Group

Background

A number of local authorities have now created local lotteries. These tend to be done through specialist operators.
This note analyses a proposal produced by Gatherwell, to operate and manage a local lottery for the City Council. Gatherwell are one of the leading companies involved in this market and now provide lotteries for some 60 authorities. In schemes operated for other authorities, tickets are sold at £1 each and draws take place weekly.

Sums generated by the lottery are paid to community bodies/charities, and are not available to the City Council.

Were we to proceed with a lottery, a procurement exercise would be required to select an operator.

1. Advantages of the Proposal

- New funding for good causes
- No or minimal costs to the Council, other than initial set-up
- Greater public exposure for local causes, and additional opportunities for support which they may not otherwise receive
- Players can choose the good causes they support, from those who have subscribed to the scheme
- Opportunity for the Council to influence which good causes are supported

2. Disadvantages of the Proposal

- Amount generated for good causes is tiny, and unlikely to be worth the effort (median estimate is £40,000 per year)
- The City Council could be deemed to be encouraging gambling
- Negative attention from the media is likely (as was the case with Aylesbury Vale) – **The Bucks Herald, 2015**
- A gambling licence would need to be obtained
- The Council will be responsible for marketing the lottery, and therefore will have to bear the initial expense of doing so
- Citizens of Leicester who are on low incomes may spend money playing the lottery, hoping for a win, but end up worse off
- Prizes offered are small, relative to the 1,000,000/1 chance of actually winning the jackpot (e.g. **Lyme Lottery, 2019)**
- Increased competition for charities running their own lotteries (Rainbows Hospice, LOROS, etc.)
- Potential impact on collection of council tax

3. Costs to Leicester City Council

Costs are estimated at £10,000 in year one, falling to £3,000 to £5,000 thereafter, based on the information shared by Newcastle-Under-Lyme Borough Council (2019). These can be recouped from the lottery proceeds, if these are sufficient. Income figures below suggest they will be after year one. Any surplus is added to the amount for good causes.

There is administrative effort required to launch the scheme in year 1. At Newcastle, this involved a launch event at a theatre; along with promotions including use of billboards, press coverage and advertising publications.

Subsequent promotion can be done through the Council's website and social media platforms.

The Council would be responsible for approving the applications submitted by good causes to join the lottery. The Council would also have to authorise monthly payments, and prepare a Gambling Commission lottery return.

4. Income

Annual income is based on figures provided by Gatherwell, tempered by figures actually being achieved at Portsmouth whose scheme is operational. This suggests a best-case scenario of 2,000 ticket sales per week, and a prudent best estimate of 1,500.
Income is split into percentages pre-determined by Gatherwell, as shown below. They themselves retain 17% of the income.

Annual Tickets (£1 each)				
Breakdown	**Amount**	**39,000**	**78,000**	**104,000**
Gatherwell	£ 0.17	£ 6,630.00	£ 13,260.00	£ 17,680.00
Prizes	£ 0.20	£ 7,800.00	£ 15,600.00	£ 20,800.00
Good causes	£ 0.50	£19,500.00	£ 39,000.00	£ 52,000.00
Council admin	£ 0.10	£ 3,900.00	£ 7,800.00	£ 10,400.00
VAT	£ 0.03	£ 1,170.00	£ 2,340.00	£ 3,120.00
Total	**£ 1.00**	**£39,000.00**	**£ 78,000.00**	**£104,000.00**

5. Other Considerations

As the chances of winning the National Lottery jackpot are extremely slim (around 45,000,000/1), players may be willing to accept the smaller jackpot offered by the Local Authority lottery, as it is half the price to play and there is a greater chance of winning.

However, there are alternative lottery options available to players that may be more attractive. One example is the Health Lottery. It is the same price to play and the jackpot offered is 4 times that of the Local Authority lottery. Having said that, the odds of winning are more than double that of the Local Authority lottery and the jackpot prize would be split if there were multiple winners. (**The Health Lottery, 2019**)

There are also more specialised versions of the lottery that offer a better risk/reward balance for players. Online betting companies such as Betfred offer options to players that allow them to only play a certain amount of numbers from the lottery draw.

As some lotteries have a “fairer” reward available, relative to their chances of winning, the Local Authority Lottery may be seen as unfair by the citizens of Leicester. The charitable donations offered may seem desirable to some, but many people will be playing the lottery primarily to win money and will therefore look elsewhere to find greater chances of winning.

For those whose prime objective is to donate to charity, they can do so themselves with 100% of the donation going to the charity (plus Gift Aid where applicable), rather than 50% of a lottery ticket. Additionally, some members of the public are likely to take the view that operating a local lottery will just be a precursor to further spending cuts on services, as was the case with locals in Aylesbury Vale (**The Bucks Herald, 2015**).

It is possible that a local lottery in Leicester would be met with negative reactions, resulting in a low volume of ticket sales. However, Portsmouth lottery’s tickets are still selling well two years on (approx. 1,700 a week).
It is worth noting though that the majority of authorities operating lotteries are smaller bodies, such as borough and district councils. Appendix 1 provides a list of local authority lotteries run through Gatherwell.
Additionally, it is possible that a local lottery in Leicester would generate high ticket sales. The BH Coastal lottery is currently selling approximately 3,200 tickets per week (according to Phil Wright, Business Development Manager at Gatherwell). However, ticket sales may decline over time, as they did in Portsmouth.

Sources Used

***Betfred Lotto,* 2019 -** www.betfred.com/lotto
Gambling Commission, 2019 –
https://www.gamblingcommission.gov.uk/home.aspx
Gatherwell, 2019 (brochure)
***The Health Lottery,* 2019**- https://www.healthlottery.co.uk/
***LOROS Lottery celebrating 20 years,* 2019** - http://www.loros.co.uk/support-us/lottery/
Newcastle-Under-Lyme Borough Council, 2019 (report)
Lyme Lottery, 2019 – https://www.lymelottery.co.uk/
***Melton Community Lottery,* 2019** - https://www.meltonlottery.co.uk/
***The National Lottery,* 2019** - https://www.national-lottery.co.uk/
***Portsmouth Lottery,* 2019** - https://www.portsmouthlottery.co.uk/
***Rainbows Lottery,* 2017** - https://www.rainbows.co.uk/get-involved/rainbows-lottery/
The Bucks Herald, 2015 - http://www.bucksherald.co.uk/news/vale-lottery-slammed-for-promoting-gambling-in-aylesbury-1-6953502
***Vale Lottery,* 2017** - https://www.valelottery.co.uk/

APPENDIX C

List of Local Authority Lotteries operated by Gatherwell

Local Authority	
Aylesbury Vale District Council	London Borough of Barking and Dagenham
Blaby District Council	London Borough of Bexley
Borough Council of Kings Lynn and West Norfolk	Mansfield District Council
Borough of Telford & Wrekin	Melton Borough Council
Bournemouth Christchurch and Poole (BCP) Council	Mendip District Council
Bracknell Forest Council	Newcastle Under Lyme Borough Council
Breckland Council	North Lincolnshire Council
Broxbourne Borough Council	Northampton Borough Council
Broxtowe Borough Council	Nuneaton and Bedworth Borough Council
Cambridgeshire County Council	Portsmouth City Council
Charnwood Borough Council	Powys County Council
Cheltenham Borough Council	Rugby Borough Council
Cherwell District Council	Rushmoor Borough Council
Chiltern District Council	Somerset West and Taunton Council
City of Lincoln Council	South Bucks District Council
Corby Borough Council	South Hams District Council
Daventry District Council	South Kesteven District Council
Dover District Council	South Oxfordshire District Council
East Herts Council	South Staffordshire District Council
Eastbourne Borough Council	Stoke-on-Trent City Council
Essex County Council	Surrey Heath Borough Council
Gloucester City Council	Tandridge District Council
Guildford Borough Council	Thanet District Council
Harborough District Council	The Oxford City Council
Harrogate Borough Council	Tonbridge and Malling Borough Council
Harrow Council	Torbay Council
Hart District Council	Tunbridge Wells Borough Council
Havant Borough Council	West Berkshire Council
Hinckley & Bosworth Borough Council	West Devon Borough Council
Lewes District Council	Worcester City Council
	Wycombe District Council

APPENDIX D

SUMMARY OF STAR SURVEY: FEBRUARY 2016

Date	Office	Problem?	Nature of problem
02/02/16	Beaumont Leys	Yes	£50 - £100 Impacts on paying bills, tenancy at risk
02/02/16	Beaumont Leys	No	N/A
02/02/16	Beaumont Leys	No	N/A
02/02/16	Beaumont Leys	No	N/A
04/02/16	Beaumont Leys	No	N/A
04/02/16	Beaumont Leys	No	N/A
02/02/16	Beaumont Leys	No	N/A
02/02/16	Beaumont Leys	No	N/A
05/02/16	Beaumont Leys	No	N/A
05/02/16	Beaumont Leys	No	N/A
02/02/16	Braunstone and City	Yes	Affected my general well being
01/02/16	Braunstone and City	No	N/A
01/02/16	Braunstone and City	No	N/A
04/02/16	Braunstone and City	No	N/A
03/02/16	Braunstone and City	No	N/A
02/02/16	Braunstone and City	No	N/A
04/02/16	Braunstone and City	Yes	Spends £100 per week leaves no money for food
01/02/16	Braunstone and City	No	N/A
04/02/16	Braunstone and City	Yes	£10 per week Scratch cards/Lottery
02/02/16	Braunstone and City	No	N/A
03/02/16	New Parks	Yes	Spend more than they can afford and go without meals
02/02/16	New Parks	Yes	I think I may in lots of money
03/02/16	New Parks	No	N/A

Date	Office	Problem?	Nature of problem
02/02/16	New Parks	No	N/A
02/02/16	New Parks	No	N/A
03/02/16	New Parks	No	N/A

03/02/16	New Parks	No	N/A
02/02/16	New Parks	Yes	I shoplift and sell goods to fund my gambling habit. I have lost money and an inheritance.
02/02/16	New Parks	Yes	Spend most of my money gambling
02/02/16	New Parks	No	N/A
03/02/16	Saffron	Yes	£20 - £30 per week
03/02/16	Saffron	Yes	Uses wife's pension money at the bookies
03/02/16	Saffron	Yes	Gambles regularly
03/02/16	Saffron	No	Do not believe it has an impact on myself or my family. Spend £6 a week.
03/02/16	Saffron	Yes	£250 per week. This was the entire household income, leaving us without food and the ability to pay bills.
02/02/16	Saffron	Yes	Work in a betting shop
02/02/16	Saffron	Yes	Would go without food and get into debt
04/02/16	Saffron	Yes	Not paying bills
03/02/16	Saffron	Yes	Spends over £10 per week
03/02/16	Saffron	Yes	£20 a week impact on the family as less income, causing arguments, less food for the family
04/02/16	Saffron	Yes	Yes
02/02/16	Saffron	No	N/A
03/02/16	Saffron	Yes	£4 a week
04/02/16	St Matthews and Highfields	Yes	£10 a week on gambling which affect my financial situation
05/02/16	St Matthews and Highfields	No	N/A
05/02/16	St Matthews and Highfields	No	Spend everything in my pocket and borrowed money

Team	**Count**	**Problem?**	**Count**	**How?**	**Count**	**Where**	**Count**	**How far?**	**Count**
Beaumont Leys	10	Yes	20	Online	5	Casino	0	Home	4
Braunstone and City	10	No	26	In Person	27	Bingo	1	Within half a mile	18
St Matthews and Highfield	3			By Phone	0	Online	3	Half to five mile	9

s								s	
New Parks	10			N/A	14	Phone	0	Over 5 miles	0
Saffron	13					Betting Shop	12	N/A	15
						Scratch Cards/Lottery	16		
						Pools	0		
						N/A	14		

Family type	**Count**	**Ethnicity**		**Gender**	
Single 25 – 54	22	WHITE BRITISH	35	MALE	27
Pregnant Single 18 – 24	0	WHITE OTHER	1	FEMALE	19
Single Parent	6	ASIAN OR ASIAN BRITISH INDIAN	4	TRANSGENDER	0
Couple	6	ASIAN OR ASIAN BRITISH OTHER	2	PREFER NOT TO SAY	0
Couple with Children	3	BLACK OR BLACK BRITISH CARIBBEAN	1		
OAP 55+	7	OTHER	3		
Single 25 – 54	22				
Pregnant Single 18 – 24	0				

APPENDIX E

Executive Response to Scrutiny

The executive will respond to the next scrutiny meeting after a review report has been presented with the table below updated as part of that response.

Introduction

Scrutiny Recommendation	Executive Decision	Progress/Action	Timescales