

NORTH LINCOLNSHIRE COUNCIL

**GOVERNANCE AND TRANSFORMATION CABINET MEMBER
AND
COMMERCIAL ENTERPRISE CABINET MEMBER**

NORTH LINCOLNSHIRE COMMUNITY LOTTERY

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To provide an update on progress with establishing the North Lincolnshire Community Lottery and to seek approval for a range of issues associated with its implementation.
- 1.2 The key points in this report are:
- An external lottery manager has been appointed to set up and run the North Lincolnshire Community Lottery.
 - The lottery is expected to be operating in the summer with the first draw to take place in early September 2017.
 - The administration of community lotteries is regulated and licensed by the Gambling Commission. The council is required to apply for an operator's licence in order to operate a lottery.

2. BACKGROUND INFORMATION

- 2.1 In November 2016 the Cabinet Members Governance and Transformation and Commercial Enterprise approved an exercise to appoint an External Lottery Manager to set up and run a Local Authority Lottery on behalf of the council.
- 2.2 On the 1 February 2017 following a procurement exercise the council appointed Gatherwell Ltd as the External Lottery Manager (ELM) to manage the lottery on its behalf in accordance with the Gambling Act 2005, subject to obtaining the necessary consents from the Gambling Commission.
- 2.3 In order to operate a lottery the council is required to apply for an Operator's Licence from the Gambling Commission.
- 2.4 As part of the operating licence requirements the council is required to have in place a range of policies (see appendix 1) in respect of:
- Children and vulnerable person protection
 - Fair and open gambling
 - Implementation procedures

- Protection from source of crime and disorder
 - Social responsibility in gambling
- 2.5 It is proposed that the North Lincolnshire Lottery be named 'Lincs Lotto' and a logo option is presented at appendix 2.
- 2.6 A key element of the lottery is the recruitment of local good causes. Players can choose which good cause to support and 50% of the ticket sales will go to the chosen 'good cause'.
- 2.7 An event to launch the lottery to good causes is planned for May 2017. It is hoped that a large number of local voluntary, cultural, sporting and community sector organisations will sign up as 'good causes'. A draft set of terms and conditions for good causes is attached at appendix 3.
- 2.8 It is expected that players will be able to start purchasing tickets in the summer with the first draw taking place in September 2017. The lottery will consist of a weekly draw with tickets priced at £1 each. The maximum prize in a single lottery is £25,000. The council will receive a minimum of 10% of the proceeds which will be used to support local good causes as part of a community fund.

3. OPTIONS FOR CONSIDERATION

The following options are suggested for consideration:

- 3.1. Option 1 – To approve
- required policies (appendix 1);
 - name "lincs lotto"
 - logo (appendix 2)
 - good cause terms and conditions (appendix 3);
- 3.2 Option 2 – To request changes to the above.

4. ANALYSIS OF OPTIONS

- 4.1 Option 1 – Approving the good cause terms and conditions and the required policies enables operator's licence to the Gambling Commission to be progressed without delay. Confirming the lottery name of 'Lincs Lotto' and identifying the preferred logo will enable the implementation arrangements to continue without delay.
- 4.2 Option 2 – Changes may result in delays to implementation

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 There are no resource implications associated with this report

6. OUTCOME OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 The community, sporting, cultural and voluntary sectors in North Lincolnshire will be invited to participate in the promotion of the lottery which will enable groups to benefit financially through the sale of tickets.
- 6.2 An initial analysis of impacts associated with the set-up of a lottery has identified a number of positive outcomes which include:
- Generation of additional income for local community causes
 - Greater engagement with voluntary, sporting, cultural and community sector organisations in the area

7. OUTCOMES OF CONSULTATION & CONFLICTS OF INTEREST

- 7.1 Consultation with senior officers has taken place and there is support for the proposals in this report.

8. RECOMMENDATIONS

- 8.1 It is recommended that the good cause's terms and conditions and the policies set out in appendix 1 and 3 are approved; and the application for an operator's licence from the Gambling Commission be submitted; and
- 8.2 the lottery be named 'Lincs Lotto' and the logo design at appendix 2 be approved

DIRECTOR OF POLICY AND RESOURCES

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Date: 16 February 2017

Background Papers used in the preparation of this report: None

Policy Name	Children and Vulnerable Persons Protection Policy
Policy Purpose	Ensuring children and other vulnerable persons will be protected from being harmed or exploited by gambling.
Policy Created By	Rachel Johnson
Policy Created date	February 2017
Policy Validated and Checked By	Cabinet Member Governance & Transformation
Policy Validated and Checked Date	February 2017
Policy Renewal Date	February 2018

Policy Detail

1. NORTH LINCOLNSHIRE COUNCIL understands its requirements as part of the Licence Conditions and Codes of Practice (LCCP) and takes its responsibilities to the protection of Children and Vulnerable persons very seriously.
2. NORTH LINCOLNSHIRE COUNCIL understands that there is a legal requirement to prevent the sale of lottery tickets to under 16's.
 - 2.1. To ensure compliance with this requirement our ELM (Gatherwell Ltd) spot checks new players of the lottery subjecting them to Age Verification checks via an industry recognised third party agency to ensure they are of a legal age to play.
 - 2.2. Age verification service providers can deliver positive results to ensure players are over 18 and therefore Gatherwell has opted to only accept these positive checks as a validation of age.
 - 2.3. As a final check before any jackpot prizes are issued, secondary age validation is also sought (passport, driving licence etc)
3. To ensure players are aware of the age limitations,
 - 3.1. clear statements will be displayed on the various websites relating to the required age to play, the age requirement is also highlighted in the terms and conditions that the player signs up to at registration
 - 3.2. In addition NORTH LINCOLNSHIRE COUNCIL have enabled their websites to permit filtering software to be used by adults (such as parents or within schools) in order to restrict access as relevant.

Children and Vulnerable Persons Protection Policy

4. Should it come to pass that the age verification checks proved inaccurate and someone underage had gambled, then the user account would be suspended and monies returned.
5. Marketing falls into two areas:-
 - 5.1. firstly in encouraging good cause participation (where there is a low risk of exposure to children and vulnerable people) and
 - 5.2. Secondly in the development of materials that support participation of the individual lotteries.
 - 5.2.1. In this area generic marketing materials are used which can be tailored to deliver a marketing package to each individual good causes to help them market their lotteries
 - 5.3. To ensure compliance with the Advertising Codes of Practice advertising materials will regularly be submitted to the Committee of Advertising Practice (CAP) for approval
6. As recruitment is undertaken to fill vacancies, if exposed to the direct selling of tickets then
 - 6.1. Applicants will need to be of a legal age to do so. And educated on the legal requirement to not sell tickets to children under the age of 16.
7. Player Accounts require validation and set up.
 - 7.1. In the instances of direct debit the Direct Debit Guarantee ensures a time lag between ticket purchase and the first draw.
 - 7.2. As draws take place once per week, Ticket purchases are therefore not capable of being purchased for immediate play and
 - 7.3. for internal process reasons even credit & debit card payments cannot facilitate instant play into a draw for that week and a minimum of one days lag will be effective.
 - 7.4. The combination of these factors does ensure it limits the capability to facilitate instant gambling and therefore significantly reduces the risk of gambling whilst under the influence of drink or other substances.

Policy Name	Implementation of Procedures Policy
Policy Purpose	The Process for Implementing North Lincolnshire Borough Council policies and procedures.
Policy Created By	Rachel Johnson
Policy Created date	February 2017
Policy Validated and Checked By	Cabinet Member Governance & Transformation
Policy Validated and Checked Date	February 2017
Policy Renewal Date	February 2018

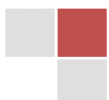
Policy Detail

1. NORTH LINCOLNSHIRE COUNCIL takes its legal responsibilities very seriously and requires that all Officers and staff are aware of their legal obligations in running a successful and legally compliant Lottery.

2. New Starters
 - 2.1. All new starters will be given legal training as part of the induction process. The level and depth is dependent on role but covers :
 - 2.1.1. The Gambling Act 2005
 - 2.1.2. LCCP
 - 2.1.3. CAP and BCAP
 - 2.1.4. Data Protection
 - 2.1.5. Plus the process for highlighting any evidence of non-compliance

3. Existing Staff
 - 3.1. All officers are aware of their legal responsibilities and compliance is a regular agenda item at review meetings.

 - 3.2. Annual refresher courses for staff will be run to maintain knowledge and compliance.



- 3.3. Adhoc on the job training forms part of the development of staff and focus areas for development are identified during the annual appraisal process and regular review process.
4. Training records will be kept as part of the personnel record of individuals and a register of key training delivered and renewal dates kept.
5. Training will be delivered in conjunction with our ELM Gatherwell Ltd



Policy Name	Protection From Source of Crime & Disorder Policy
Policy Purpose	Ensuring that North Lincolnshire Borough Council will be protected from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.
Policy Created By	Rachel Johnson
Policy Created date	February 2017
Policy Validated and Checked By	Cabinet Member – Governance & Transformation
Policy Validated and Checked Date	February 2017
Policy Renewal Date	February 2018

Policy Detail

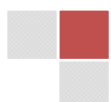
1. This Policy is beholden to the Proceeds of Crime Act 2002 (see <http://www.legislation.gov.uk/ukpga/2002/29/contents>) & The Anti Money Laundering (AML) Regulations

1.1. Proceeds of Crime Act 2002 : - *“An Act to establish the Assets Recovery Agency and make provision about the appointment of its Director and his functions (including Revenue functions), to provide for confiscation orders in relation to persons who benefit from criminal conduct and for restraint orders to prohibit dealing with property, to allow the recovery of property which is or represents property obtained through unlawful conduct or which is intended to be used in unlawful conduct, to make provision about money laundering, to make provision about investigations relating to benefit from criminal conduct or to property which is or represents property obtained through unlawful conduct or to money laundering, to make provision to give effect to overseas requests and orders made where property is found or believed to be obtained through criminal conduct, and for connected purposes.”*

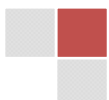
1.2. The AML Regulations require relevant businesses to:

- *put in place procedures to verify the identity of customers on entering into a business relationship or transaction and to carry out ongoing monitoring during the business relationship*

North Lincolnshire Council



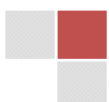
- *keep records obtained in establishing customers' identities and of business relationships for five years*
 - *train employees in the relevant procedures and law*
 - *appoint a nominated officer whose role includes reporting to NCA, or its successor, suspicions of money laundering activity*
 - *put in place and maintain policies and procedures to cover the requirements listed above*
2. North Lincolnshire Council is a professional operation and takes its responsibilities to ensure all players of their society lottery are operating within the law.
 3. North Lincolnshire Council employ the services of Gatherwell Ltd a Remote External Lottery Management company and therefore mainly take transactions electronically though either Direct Debit, credit card & debit card. No cash payments can be used for payment, mitigating the chance for the passing of counterfeit money.
 4. A number of safeguards are in place to validate players' identities as part of the account verification process. Additionally safeguards are in place to ensure that ticket purchases are not excessive, therefore mitigating the risk of money laundering. If players tried to purchase excessive tickets then the system controls built into the software algorithms will advise the player that they have exceeded the number of tickets possible and stop the transaction.
 5. The software resides on secure servers. These reside behind encrypted firewalls and offer bank level security protocols in the transfer of electronic data. Additionally they are situated in a secure data centre managed by Disclosure and Baring checked staff.
 6. All transactions for the software will have full audit trails of every transaction made including timestamps. These audit trails will ensure that should any suspicious activity be identified a full investigation by Gatherwell Ltd staff or law enforcement bodies can be undertaken.
 7. In an effort to minimise the risk of fraudulent behaviour and demonstrate impartiality throughout, the main Lottery draw each week takes the results from an independently drawn lottery (currently identified as the Australian Super 66). This ensures no fraudulent activity can be taken in the generation of the winning
North Lincolnshire Council



set of numbers for the draw, To ensure compliance at an entry level into the system, these numbers will need to be entered separately by two of the directors of the business each week. The smaller local level prizes are generated based on a random ticket selection from existing purchased tickets by an algorithm within the software.

8. Whilst by its definition a lottery is a random game of chance and therefore offers little opportunity for collusion or cheating, any suspicion of malpractice will result in the immediate blocking of the users account.
9. Any evidence of illegal behaviour by staff will initiate a full investigation, during which time the member of staff will be suspended from duties to ensure the full protection of the players, staff and reputation of the business.
10. All companies who provide fundamental services in the provision of the service (e.g Direct Debit Bureaus, Age Verification service providers, Prize fund insurance etc) undergo rigorous validation in terms of their suitability, credibility and reputation. This includes full financial health checks and references where required.

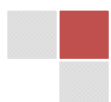
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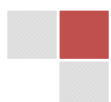
Policy Name	Social Responsibility in Gambling Policy
Policy Purpose	Ensuring the promotion of social responsibility in gambling.
Policy Created By	Rachel Johnson
Policy Created date	February 2017
Policy Validated and Checked By	Cabinet Member – Governance & Transformation
Policy Validated and Checked Date	February 2017
Policy Renewal Date	February 2018

Policy Detail

1. North Lincolnshire Council is aware of its social responsibility to protect individuals from excessive and addictive gambling.
2. Limits are in place to ensure individuals cannot buy excessive numbers of tickets,
 - 2.1. This therefore restricts the capability for individuals to gamble beyond their means or gamble what they cannot afford.
 - 2.2. These limits will be monitored to see how many players reach them and may be reduced correspondingly if required.
 - 2.3. These limits are clearly highlighted at the point of purchase online.
3. Accounts require validation and set up.
 - 3.1. In the instances of direct debit the Direct Debit Guarantee ensures a time lag between ticket purchase and the first draw.
 - 3.2. As draws take place once per week, Ticket purchases are therefore not capable of being purchased for immediate play and
 - 3.3. for internal process reasons even credit & debit card payments cannot facilitate instant play into a draw for that week and a minimum of one days lag will be effective.



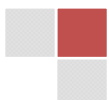
- 3.4. The combination of these factors does ensure it limits the capability to facilitate instant gambling and therefore significantly reduces the risk of gambling whilst under the influence of drink or other substances.
4. It is not possible to borrow money or be entered for lottery draws unless cleared funds have been accepted. No exceptions will be made to this position.
5. The system data provides facilities to track major changes in the lottery participation. Any significant outliers in the numbers of tickets will be investigated as part of ongoing assessments on the correct levels for ticket participation.
6. A process for self exclusion from lottery participation exists to allow anyone to self exclude themselves from all propositions (existing or future)
7. Links to the support websites (www.gamcare.org.uk & www.Gambleaware.co.uk) plus the National Gambling Helpline are made available on the website to direct anyone to help and support should they need help from gambling additions. North Lincolnshire Borough Council are also a contributing member to their research and support through membership of the lotteries council.



Policy Name	Fair and Open Gambling Policy
Policy Purpose	Ensuring that gambling will be conducted in a fair and open way.
Policy Created By	Rachel Johnson
Policy Created date	February 2017
Policy Validated and Checked By	Cabinet Member Governance & Transformation
Policy Validated and Checked Date	February 2017
Policy Renewal Date	February 2018

Policy Detail

1. NORTH LINCOLNSHIRE COUNCIL are committed to complying with the Gambling Act 2005, The Gambling Commissions Licence Conditions and Codes of Practice (LCCP), Lotteries Council Code of Conduct and The CAP and BCAP code,
2. NORTH LINCOLNSHIRE COUNCIL utilise the services of Gatherwell Ltd who are an External lottery management company ensuring that the lottery is delivered on a financially sound basis as:-
 - 2.1. The financial structure of the lottery ensures that revenues are received prior to the running of any draw.
 - 2.2. Each draw is self-funded in terms of the liabilities that then arise (prizes, good cause donations etc)
 - 2.3. No players' tickets will be included in the draw unless cleared funds have been secured.
 - 2.4. The prize fund and good cause donations are calculated on a % basis of the revenue pot therefore ensuring sufficient funds will always be in place.



- 2.5. Jackpot prizes are funded through an underwritten insurance policy provided by a reputable underwriter established in the UK, again paid for as a % of each entry
3. All terms and conditions are available for participants on the various websites of the NORTH LINCOLNSHIRE COUNCIL lottery, including the main www.lincslottery.co.uk website.
 - 3.1. As part of the sign up process for new participants new participants are asked to agree acceptance of the terms and conditions at the time of signing up. New accounts cannot be created unless the terms and conditions are accepted.
 - 3.2. Participants will be advised of changes to the terms and conditions via pop ups on the website. In exceptional circumstances, all participants can be emailed a link to advise them of the new terms and conditions
4. Our terms and conditions detail the complaints procedure should participants need to raise any issues or concern, both internally at NORTH LINCOLNSHIRE COUNCIL and externally though the use of an independent arbiter should resolution not be found.
5. No loyalty or reward schemes are being offered.
6. Section 257 of the Gambling act 2005 highlights that “A person acts as an external lottery manager for the purposes of this Act if he makes arrangements for a lottery on behalf of a society or authority of which he is not—
 - (a) a member,
 - (b) an officer, or
 - (c) an employee under a contract of employment.
- 6.1. As such Gatherwell ask its board and staff to declare any conflict of interest in any potential target clients, in addition to the specific requirement to comply with the law as stated above for existing clients.
7. Gatherwell Ltd holds responsibility for ensuring that all technical solutions remain within scope of the law.
 - 7.1. These include testing procedures for both existing, upgraded and new software propositions



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





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“Lincs Lotto”

Terms & Conditions - Good Causes

We want to enable as many organisations as possible to join the good causes lottery under the ‘Lincs Lotto’. As you will be joining under our overall gambling licence (Gambling Act 2005) we have to ensure that organisations meet certain criteria.

There is no application fee.

Your organisation must:

- Provide community activities or services within North Lincolnshire, which are of benefit to the residents of North Lincolnshire
- Have a formal constitution or set of rules
- Have a bank account requiring at least two unrelated signatories
- Operate with no undue restrictions on membership

And be either:

- A constituted group with a volunteer management committee with a minimum of three unrelated members that meets on a regular basis (at least three times per year)
- A registered charity, with a board of trustees

Or:

- A registered Community Interest Company, and provide copies of your Community Interest Statement, details of the Asset Lock included in your Memorandum and Articles of Association, and a copy of your latest annual community interest report

We will not permit applications from:

- Groups promoting a particular religious or political belief or activity, or a campaign that does not directly relate to the provision of community activities or services within North Lincolnshire
- Organisations that do not do work within the boundaries of North Lincolnshire
- Individuals
- Organisations which aim to distribute a profit
- Organisations with no established management committee/board of trustees (unless a CIC)

We are also unable to accept applications that are incomplete.

The council reserves the right to reject any application for any reason.

The council will reserve its rights to not accept or cease to licence any organisation with a minimum of 7 days notice for any reason. If fraudulent or illegal activity is suspected cessation will be immediate.