

BRECKLAND DISTRICT COUNCIL

Report of: Cllr Paul Claussen, Executive Member of Place and Rob Walker, Executive Director of Place

To: Cabinet, 10 July 2017

Author: Rob Walker, Executive Director Place

Subject: Grant Funding

Purpose: The purpose of this report is to consider the long term future of Breckland Council's match funding programme and seek agreement for the establishment of a local authority lottery for Breckland, which would support the local voluntary and community sector.

Recommendation(s):

- 1) That Cabinet **recommend to Council** that a match funding reserve of £300,000 is maintained for grant giving in 2017/18 and 2018/19 (£150,000 per annum) and that the remaining balance from this reserve is deallocated;
- 2) That a Breckland Lottery is introduced and that subject to due diligence and procurement an External Lottery Management company is engaged;
- 3) That the Executive Director of Place and the Place Manager are nominated to be the Personal Licence holders for the Breckland Lottery;
- 4) That delegated authority is given to the Executive Director of Place, in consultation with the Executive Member of Place, to agree the criteria for the inclusion of 'good causes' that would benefit from lottery funding.

1. BACKGROUND

Match Funding

- 1.1 Breckland Council has for a number of years run a highly successful match funding scheme that has distributed grants to local voluntary and community organisations. Each year, £200,000 is allocated from reserves to fund a variety of good causes across the district and to lever in much-valued external third party funding.
- 1.2 For the last 18 months, the match funding scheme has been administered on behalf of the Council by the Norfolk Community Foundation and this has coincided in an upturn in the number of applications received and supported.
- 1.3 The Council has been fortunate that through sound financial management it has been able to continue to operate such a successful and large grant making scheme for so long.
- 1.4 Match funding grants are currently made up to £20,000 (by Cabinet) and £5,000 (by delegated decision) for any voluntary or community project that can be aligned to the priorities within the Council's Corporate Plan. It should be noted, that the Council receives repeat applications seeking similar investment from across the district, with almost all

projects able to qualify for funding through alignment with the Corporate Plan. It is the opinion of the report author that a more strategic approach should be taken by the Council to grant giving in the future.

- 1.5 There is currently a balance of £1.2m in reserve for use on the match funding scheme. The level of reserve available to support grant giving is diminishing each year and based on present model can maintain current levels of spend for a further 6 years. To ensure the sustainability of our grant giving programme in the long term, it is the opinion of the report author that the Council should review its funding arrangements for this scheme.
- 1.6 The £1.2m reserve is currently allocated for match funding and cannot be used for any other purpose unless it is de-allocated by Council.
- 1.7 There are a number of options open to the Council to enable it to continue its grant giving programme but in a manner that is more affordable and has greater longevity. These are detailed in subsequent sections of the report.

Breckland Lottery

- 1.8 A local authority lottery is a concept that has been explored by a number of local authorities across the country and has now been introduced in several places. At a time when there are increasing pressures on funding available to the voluntary and community sector they are being seen as a way of providing support to bring in additional funding.
- 1.9 Aylesbury Vale was the first to launch an online local authority lottery in November 2015. This is run by Gatherwell, an External Lottery Manager (ELM). Since then, local authority lotteries are known to have started in a number of places including: Portsmouth, Gloucester, Peterborough, Mendip, Melton and Rushmoor, amongst others.
- 1.10 The Gambling Act 2005 includes as a permitted category of a lottery, a 'local authority lottery'. Local authority lotteries are promoted by the local authority and must be licenced by the Gambling Commission. Authorities may use the net proceeds of such lotteries for any purpose for which they have power to incur expenditure.
- 1.11 The options for running a local authority lottery include running it in-house, or to partner with an External Lottery Manager (ELM). To run a lottery in-house would require staffing, including a lottery manager and the purchase and running of software systems. The costs of this have not been explored in detail by officers but other local authorities have found them to be significant. If the Council were to partner with an ELM, other than small initial start-up costs, the operation of the lottery would be fully funded through the ticket proceeds and would bring in the skills and expertise to run all elements of the lottery process.
- 1.12 Further detail on how a Breckland Lottery could operate if an ELM [such as Gatherwell] was employed, is provided in the appendices to this report. In summary: -
 - a) Tickets are purchased (on-line only) for £1 and each ticket has a 1 in 50 chance to win;
 - b) Prizes are likely to be in the range of free tickets for matching 2 out of 6 numbers to a maximum prize of £25,000 for matching all 6 numbers;
 - c) Draws are every Saturday with results posted live online and winners notified by email;
 - d) Players sign up on-line and payment is via Direct Debit or payment card);
 - e) Players can purchase multiple tickets for multiple good causes;
 - f) Winning players are notified via email and receive prize money directly into their nominated account or can donate their prize to a nominated good cause;
 - g) Good causes are paid their income automatically on a monthly basis.

The income from each £1 would be broken down as follows:-

- 50% to local good causes
- 10% to general fund
- 20% to prize fund
- 17% to ELM
- 3% to VAT

- 1.13 The grant funding element of the lottery income would be split between specific local 'good causes' which can be chosen by the ticket purchaser, and a general fund which would be distributed to good causes chosen by the Council. Good causes wanting to participate in the lottery would apply and need to be approved by the Council.
- 1.14 The criteria for selecting which good causes will be eligible to be included and benefit from the Breckland Lottery would need to be agreed by the Council.

2. OPTIONS

2.1 To secure the long term future of the Council's grant giving programme a number of options have been considered. It should be noted at this stage that discontinuing grant giving in its entirety has not been considered in the preparation of this report but is an option open to the Council.

2.2 Option 1: Do nothing

The Council could choose to continue to operate the match funding scheme as it currently stands. The Council will be able to offer grants at the same level for a further 6 years until the funding runs out at which point the grant giving will have to cease or be funded from elsewhere.

This option is not recommended. In maintaining the current scheme the Council would continue to benefit from local community support but would not be: 1. making strategic decisions on grant funding; 2. ensuring the long term sustainability of grant giving; 3. reflecting the affordability of the grant giving model as part of the Council's Medium Term Financial Plan.

2.3 Option 2: Fund at same level with adapted criteria

The Council could continue to fund at the same level and over the same time period but change the funding criteria. This option is not recommended. Whilst this option would ensure a more strategic spend around re-defined funding priorities (not 'catch-all' as currently) it would not sustain the grant giving long-term.

2.4 Option 3: Fund at reduced level with same or adapted criteria

This option, in essence, extends the time period that grants are available beyond six years by reducing the amount allocated for funding each year. The issue of redefined criteria has been considered above (option 2). This would be the simplest way of extending the

Council's grant giving over a longer period of time but does not address issues of affordability or sustainability in any real sense and is therefore not recommended.

2.5 Option 4: Investment model

With this option, the Council could de-allocate the reserve for match funding and invest these funds in commercial property or another income generating venture linked to the Council's Investment Strategy. Any return on this investment – subject to financial procedures and rules – could be used for grant funding. This option would in all likelihood reduce the amount of grant funding available but would secure the future of grant giving indefinitely by only committing the “return” and not the “investment”. Indicative sums are provided in the table below.

Investment	Type	% Return	Return
£1.2m	Bank	0.5	£6,000
£1.2m	Investment	3	£36,000
£1.2m	Investment	6	£72,000

2.6 Option 5: Breckland Lottery

In addition to the above, or alongside, a new local authority lottery scheme could be introduced. As detailed above a number of other authorities have or are introducing such a scheme. Further information on how this would operate and what's involved is provided above and in the appendices. A lottery scheme would be a sustainable model for providing funding support to local good causes and would complement their own fundraising endeavours.

3.0 REASONS FOR RECOMMENDATION(S)

- 3.1 A combination of Options 4. and 5. is recommended.
- 3.2 It is recommended that £300,000 is maintained in the match funding reserve to support local voluntary and community groups in 2017/18 and 2018/19 with up to £150,000 funding per annum. The current match funding procedures will remain in place for this sum.
- 3.3 It is recommended that the remaining balance in the match funding reserve is deallocated and made available for spend elsewhere linked to the Council's developing Investment Strategy.
- 3.4 It is further recommended that a Breckland Lottery is established to supplement the grant giving arrangements described above.
- 3.5 Continuing to operate the match funding (as it stands) for the remainder of 2017/18 and through 2018/19 [with £150,000 available per annum] will enable the transition to the new arrangements to be managed effectively, i.e. the lottery scheme to be introduced and the return from any investment to be realised (and subsequently used for grant funding).
- 3.6 The combination of both options would ensure that we can continue to invite applications from communities across the district (using the investment yield) for funding and support specific, pre-identified “good causes” through the Breckland Lottery.
- 3.7 This combined approach would ensure the longevity of grant funding, provide a more strategic approach to any allocations and be more affordable.

4.0 EXPECTED BENEFITS

- 4.1 A Local Authority Lottery has the potential to raise additional funds for the voluntary and community sector in Breckland at no ongoing cost to those groups and to the Council itself. Whilst the Council can do some promotion, the success of the lottery will be down to promotion by those good causes to the local community and the groups themselves.
- 4.2 The Investment Model approach to grant giving, in parallel with the introduction of a lottery, will ensure that the Council's much-valued grant giving programme can continue in the long term and be focused on local good causes/projects.

5.0 IMPLICATIONS

5.1 Carbon Footprint / Environmental Issues

- 5.2.1 It is the opinion of the Report Author that there are no implications.

5.2 Constitution & Legal

- 5.2.2 In order to operate a Local Authority Lottery, the Council would need to apply for a Local Authority Lottery Licence from the Gambling Commission
- 5.2.3 A local authority licensed by the Gambling Commission is required to have at least one Personal Management Licence holder.
- 5.2.4 Under the Constitution, Council approval is needed for the reallocation of reserves with a balance greater than £100,000.01.

5.3 Contracts

- 5.3.1 There would need to be a contractual arrangement with an ELM (who must also be licensed) to run the lottery although the Council would retain obligations to the Gambling Commission.

5.4 Corporate Priorities

- 5.4.1 This report links to all corporate priorities but particularly: *Supporting Breckland to develop and thrive* and *Enabling stronger, more independent communities*.

5.5 Crime and Disorder

- 5.5.1 It is the opinion of the Report Author that there are no implications.

5.6 Equality and Diversity / Human Rights

- 5.6.1 It is the opinion of the Report Author that there are no implications.

5.7 Financial

- 5.7.1 The proposed arrangements for the match funding reserve are detailed in the main body of the report.

5.7.2 There will be an initial set up cost for the Breckland Lottery of less than £5000 that can be met through existing budgets. The annual costs can be reclaimed through the lottery ticket sales income.

5.8 Health & Wellbeing

5.8.1 It is the opinion of the Report Author that there are no implications

5.9 Risk Management

5.9.1 Any change to a successful grant giving programme is not without risk. That said, the expected benefits as described in this report – particularly the sustainability of grant giving far outweigh the significant risk which is around loss of community support.

5.10 Safeguarding

5.10.1 It is the opinion of the Report Author that there are no implications.

5.11 Staffing

5.11.1 It is the opinion of the Report Author that there are no implications.

5.12 Stakeholders / Consultation / Timescales

5.12.1 From date of approval it would take 6 months to introduce a Breckland Lottery and it would therefore be ready for launch in January 2018. It is proposed that the match funding arrangements as described above are in place until 31 March 2019 by which time any investment made with reallocated reserves should be generating a return for funding purposes.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All Wards

Background papers:-

Lead Contact Officer

Name and Post: Rob Walker
Telephone Number: 07867 988826
Email: Robert.walker@breckland-sholland.gov.uk

Key Decision: No

Exempt Decision: No

This report refers to a Discretionary Service

Appendices:

Gatherwell proposals.