CHARITABLE FUNDS COMMITTEE

STAFF LOTTERY BRIEFING PAPER

Date of meeting	11/08/2021
FOI Status	Open/Public

If closed please indicate reason	Not Applicable - Public Report
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Presented by	Hywel Daniel, Executive Director for People
Approving Executive Sponsor	Executive Director for People
Report purpose	FOR NOTING

Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)		
Committee/Group/Individuals	**Date**	**Outcome**
-		Choose an item.

ACRONYMS	
CTM	Cwm Taf Morgannwg
RCT	Rhondda Cynon Taf Borough Council
C&V UHB	Cardiff & Vale University Health Board
DPIA	Data Protection Information Assessment
BCUHB	Betsi Cadwaladr University Health Board
LPF	Local Partnership Forum
GASD	Gift Aid Small Donations Scheme
WTE	Whole time equivalent
ToR	Terms of Reference
SOP	Standard Operating Procedure

1. SITUATION/BACKGROUND

This report sets out the proposed implementation of a staff lottery following the approval by the Executive Team. The final implementation is still subject to further detailed review, especially in relation to any potential employment tax implications, which need to be resolved prior to the start-up.

The Executive Team have approved the implementation of a CTM Staff Lottery and under the Scheme of Delegation the use of the Charitable Funds will be utilised to purchase and develop the Software Solution to manage the Staff Lottery and to fund the initial recruitment of the staff to administer the running of the staff lottery prior to income being achieved.

The initial set up costs will be paid for via Charitable funds, however the ongoing costs would then be funded from the revenue generated from the lottery.

This paper sets out the funding requirements of implementing a staff lottery scheme within CTM UHB.

The key objectives for the Staff lottery will be to:

a. Generate income to fund projects that benefit staff and patients
b. Invest in community-based projects within the Health Board's Charity.
c. Create a 'Charity Brand' within CTM UHB

It is envisaged that the Staff lottery staff team will grow into a bigger charity team that will replicate the Charity/fundraising function that is in place in many of our neighboring health boards.

The key stakeholders identified would be:
- Payroll Department;
- Audit Department;
- Finance Department;
- Procurement Department;
- Capital Planning Department;
- ICT Department;
- Communications Department;
- Governance Department;

- Charitable Funds Committee; and
- Local Trade Union Representatives.

1.1 Scope

The scope of the CTM Staff Lottery as a whole would be covered by the following;

- Charitable – to create a new 'lottery fund' that will fund Health Board projects, outside the scope of what the NHS should deliver as part of its normal service and also fund applications to support the staff health and wellbeing projects.

- Charitable – to create a wider charitable function within CTM UHB, developing a charity brand and generating income whilst also helping areas access funding in a much more proactive way
- Any purposes within the Health Board or community not described above, but which neither have purposes of private gain nor purpose of any commercial undertaking.
- The lottery will be limited to staff employed by CTM.

2. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

2.1 Legal:

The Lottery would be run under the terms of the Gambling Act 2005 and the income will sit under Charitable Funds and be held on trust under paragraph 16c of Schedule 2 of the NHS and Community Care Act 1990.

The Lottery would be subject to both Internal Audit and Audit Wales review. Each Lottery Draw is required to be reported to the Local Authority under the terms of the License Agreement. This must be done within three months of each draw.

Legal advice will be sought from CTM's in-house legal team prior to any implementation to ensure all legalities are covered.

2.2 Governance

A Data Protection Information Assessment (DPIA) will be required, although the lottery will only use data already held by payroll on ESR. However, the project as a whole i.e. promotions and publicising of winnings requires an assessment.

In addition, data protection requirements would be built into any contract with Lottery organisation.

A new Charitable fund will be created for the lottery along with a panel with ToR that will include representation from the HB to decide and approve how the lottery fund is spent.

A ToR and SOP will be created for the access of funding with a clear process drawn up.

2.3   Licensing:

Lotteries can only be run for good causes. Society lotteries are promoted for the benefit of a non-commercial society.

A society is non-commercial if it is established and conducted:

- For charitable purposes;
- For the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity;
- For any other non-commercial purpose other than that of private gain.

A society can register as either a large or small lottery, dependant on the aggregate proceeds.

A large society lottery has proceeds that exceed £20,000 for a single draw, has cumulative proceeds from lotteries in excess of £250,000 in any one year. This type of lottery requires a licence from the Gambling Commission.

A small society lottery does not have proceeds that exceed £20,000 for a single draw. The aggregate proceeds from lotteries do not exceed £250,000 in any one year. This type of lottery does not require a Gambling Commission licence. This type of lottery must however, be registered with the local authority.

Following advice from the Rhondda Cynon Taf Borough Council (RCTBC), CTM has already applied and successful in being granted a small society lottery licence.

Cardiff and Vale University Health Board (CVUHB) have been running a very successful staff lottery since 2005 and are registered as a small society lottery. Comparing the staff numbers of CVUHB to CTM the aggregated revenue should never exceed that of CVUHB.

2.4   Software Option:

Workforce colleagues have reviewed software solutions and pricing models. Discussions with CVUHB has provided CTM with a viable option.

Option – Harlequin (CVUHB)

What is it?

Harlequin is a software suite of applications designed to manage charity initiatives in the public, private, and third Sector. Harlequin software is currently used by CVUHB, Betsi Cadwaladr University Health Board and has recently been purchased by Hywel Dda University Health Board to roll out their lottery initiative.

What does it do?

The software is a fundraising tool that can be used to co-ordinate:

- Volunteers and initiatives;
- Record donations and funds;
- Manage lottery grants and lotteries.

The software package appeals to Health Boards and organisations because it allows fundraising teams to manage several ongoing initiatives, within one package.

The Lottery Management Tool is a single module incorporated into the software. Initially this would be the only part of the package used, until a fundraising team was developed to enable full utilisation of the software and the tracking of the initiatives.

Costings:

The Harlequin software costings (all prices exclude VAT):

Core system:	
• 3 User Licence • Contact Management • Communication Logging • Donor Profiling • Banking & Thanking for income • Gift Aid Processing (including GASDS) • Campaign/Appeal Management (including expenditure) • Standard Reporting Library • Queries Module	**£6000.00**

• Standard feed to chosen accounting package • Standard uploads from online giving platforms • Single Template	
Additional Concurrent User Licences:	
• Each additional single user licence	£550.00
• Block of 4	£2000.00
Optional modules available:	
• *Event Management*	*£1750.00*
• **Lottery Module**	**£1750.00**
• *Merchandise*	*£1500.00*
• *Volunteer Management*	*£1750.00*
• *Bookings*	*£1750.00*
• *Design - Module*	*£1750.00*
Training Packages based on 6 people attending:	
• *3 days (on-site) standard training package for core system. £2100.00*	*£2100.00*
• *1 day (on site) training for Event Management £700.00*	*£700.00*
• **1 day (on site) training for lottery module**	**£700.00**
• *1 day (on-site) training for Volunteers Management £700.00*	*£700.00*
• *½ day (on-site) training for Merchandise £350.00*	*£350.00*
• *½ day (on-site) training for Bookings £350.00*	*£350.00*

Summary:

- Initial purchase price   £6000 + VAT
- Initial Lottery Module   £1750 + VAT
- Initial System Training   £700 + VAT
- **Total initial system cost**   **£8,450 + VAT**

Under the Scheme of Delegation for Charitable Funds this expenditure can be approved by the relevant Group/Executive Director.

Following the initial system set up cost there is a recurrent annual maintenance cost of £1550 + VAT (Free for the first 12 months). This will be funded through the revenue that is achieved by the lottery.

2.5 Staff Resource

An internal lottery administration team would be required to administer the running of the staff lottery and fundraising initiatives. The team will form part of the eSystems department within the Workforce & Organisational Development (W&OD) Directorate and would be

responsible for undertaking all aspects of administrative, financial and clerical tasks, in support of fundraising and lottery activities. Based on the team at CVUHB the following would be required:

1 x Band 5 - Health Charity Fundraising Manager - £33,514 per annum including on-costs

1 x Band 3 – Health Charity Fundraising Support Officer - £26,014 per annum including on-costs

Total annual cost of £59,528 (including on-costs). This equates to £4,961 per month. Prior to the fund becoming operational, the monthly cost will be paid for by Charitable Funds for the first 8 months, following which there is expected to be sufficient revenue achieved to fund the ongoing monthly cost of the staff costs.

Therefore the total initial funding required from Charitable Funds to set up the lottery fund is:

Initial system set up and training - £10,140 (£8,450 plus VAT)

8 months staff lottery team costs - £39,685,

Total set-up cost - **£49,825**

As previously highlighted this is within the Scheme of Delegation limits to be approved by the relevant Group/Executive Director.

2.6 Turnover

The staff lottery within CVUHB currently turns over around £250,000 per year, with the profit being used for both staff and patient-centred projects. Staff can purchase up to 6 numbers per week:

Where members are paid monthly, deduction amounts will be calculated as:
- £4.33 will equal 1 number (per week)
- £8.66 will equal 2 numbers (per week)
- £13.00 will equal 3 numbers (per week)
- £17.33 will equal 4 numbers (per week)
- £21.67 will equal 5 numbers (per week)
- £26.00 will equal 6 numbers (per week)

CVUHB now have over 300 endowment funds that are managed by health care specialists who use the funds to develop research, treatment and patient care. In addition their charity has recently awarded grants of over £1.5 million to support projects across the UHB. Staff rooms, patient

waiting rooms, training bursaries and extensive medical equipment are just some of many of the projects funded.

2.7   Benefits and Risks

Lotteries stand out from other fundraising methods because they are a form of incentivised giving. Health Board staff can be rewarded for donating and we are confident a lottery will prove popular among our staff. This is likely to be very well received following the difficulties experienced by all staff groups due to impact of COVID-19.

Benefits:

- Contributes to improved staff morale;
- Supports staff projects;
- Supports improvement to the estate for the staff;
- A way in which the HB can be seen to 'give back' to the staff and their ideas;
- Committing to improving their workspace and environment;
- Cost neutral investment in staff well-being;
- Cost neutral investment in community projects;
- Cost neutral investment in developing projects for the improvement of estate for the benefit of staff and the community; and
- Develop health and wellbeing projects for the community meeting the Health Board's duty under the Wellbeing of Future Generations (Wales) Act 2015.

Risks:

- The scheme may Impact staff with a gambling addiction
  Solution: tickets are limited to 6 numbers per week and Gamble Aware contact information is included on sign up of the scheme.
- Implementation of an administration project function will be required to manage the scheme on a day to day basis.
  Solution: Although initial investment is required to fund the administrative resource, this will become self-generated via the turnover once the project is operational.

Quality/Safety/Patient Experience implications	There are no specific quality and safety implications related to the activity outined in this report.
Related Health and Care standard(s)	Staff and Resources
	If more than one Healthcare Standard applies please list below:
Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.	No (Include further detail below) If yes, please provide a hyperlink to the location of the completed EIA or who it would be available from in the box below. If no, please provide reasons why an EIA was not considered to be required in the box below.
	Not required
Legal implications / impact	Yes (Include further detail below)
	As detailed in the report need to adhere to the Gambling Act (2005) and Charitable funds are required to be managed in accordance with charity legislation and requirements of the Charity Commissioner.
Resource (Capital/Revenue £/Workforce) implications / Impact	Yes (Include further detail below)
	The introduction of the staff lottery requires agreement of initial funding from the charitable funds account. Until such time as the scheme becomes self-generating.
Link to Strategic Well-being Objectives	Co-create with staff and partners a learning and growing culture

4. RECOMMENDATIONS

The Charitable Funds Committee is asked to **NOTE** the executive approval of a CTM Staff Lottery, subject to further detailed review.

NOTE the initial set up costs being funded by the Charitable Fund.

NOTE the ongoing staff costs and system maintenance cost would be funded from the revenue generated from the lottery.

NOTE the intention to create a lottery fund panel that will be made from representation from the HB to decide/approve how the fund is spent.