

REPORT TO COMMUNITY COMMITTEE KNUTSFORD AND DISTRICT COMMUNITY LOTTERY



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Agenda Item 8
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1.0 BACKGROUND

The Town Clerk and Cllr Hartley were recently discussing the means through which funds are raised for community organisations and the challenges some groups found. The Town Clerk highlighted a mechanism utilised by some other councils, which is the basis of this report: operating a community lottery.

The Gatherwell community lottery system is operated by a number of principal authorities and some town councils. Two examples are Faversham and Hythe:

- www.favershamdistrictlottery.co.uk
- www.hythecommunitylottery.co.uk

The system provides an mechanism for community organisations to raise funds, whilst also generating a small income to the local council operator.

2.0 HOW THE LOTTERY WOULD OPERATE

2.1 OVERVIEW OF THE SYSTEM

Gatherwell is the largest provider of community lotteries, operating over 150 community lotteries and more than 100 lotteries run by local authorities in the UK. Gatherwell's unique model allows good causes to join under an umbrella, providing customer support, cause onboarding, banking, and automated fund distribution.

The Gatherwell platform is an online lottery system. Gatherwell create a custom website for the lottery and handle all operational matters, including the ticketing system, draws and prize distribution. By appointing Gatherwell as an external lottery manager, the operational requirements of a lottery are substantially reduced, whilst the prize pot and ease of play by users is increased.

For each £1 played in a Knutsford and District Community Lottery:

- 50p will go to a chosen good cause
- 40p goes to Gatherwell for operating the system and providing the prizes
 - 18.2p to Gatherwell
 - 18.2p to prizes
 - 3.6p VAT
- 10p goes to the Town Council

Where a player does not choose a good cause, the 50p goes to the Town Council. Of every £1 played,

60p is invested into the community (compared with 28p for the National Lottery, 33p for the Postcode Lottery and 20p for the Health Lottery).

Players select a line of six numbers (0-9). Prizes are awarded based on the number of matched numbers:

- 6 matched numbers: £25,000
- 5 matched numbers: £1,000
- 4 matched numbers: £250
- 3 matched numbers: £25
- 2 matched numbers: 3 free tickets.

All prize funds are provided by Gatherwell, with no exposure to the individual operators. Overall, each ticket has a 1 in 50 chance of winning a prize.

There is an upfront cost of £5,000 to set the lottery system up. The ongoing costs are then funded from the ticket sales.

2.2 HOW IT BENEFITS LOCAL GROUPS

The multi-beneficiary model is designed to enable local groups to sign up to the platform and use it as a means of fundraising. This would mean groups such as Knutsford Royal May Day or The Welcome (and others) could set up on the platform, be authorised by the Town Council, and promote the lottery to their supporters as an ongoing income stream.

2.3 SCHEME COVERAGE

It is suggested that if the council was to take a lottery forward, it be developed as a 'district' lottery which would be promoted within the parishes around Knutsford. This would enable community groups in those areas to benefit from the lottery but also increase the pool of players – whilst the members may be playing to benefit groups outside Knutsford, 10p from each ticket would go to Town Council as operator, generating investment into Knutsford itself.

2.4 VIEW FROM FAVERSHAM

The Town Clerk had previously spoken with the Town Clerk at Faversham Town Council about their lottery:

It initially cost £5,000 to set up and we are receiving around £1,000 per month split in two payments.

With Gatherwell you can set up for the good causes to either receive 50% or 60% of the ticket sales. We went for 50% so receive the 10% of all ticket sales and then 50% of the 'general fund' sales, both these are usually around the £500 mark per month.

We have given the £12,000 raised back to the good causes and used it to promote the lottery. It's pretty much running itself now, we just promote it online.

2.5 USE OF COUNCIL SHARE

In addition to using it to promote the lottery, there are three main ways the council could look to utilise funds generated from the lottery:

- a) To offset/replace the budget allocated for community grants
- b) To create an additional grant scheme for small projects
- c) To fund additional small projects / activity for example installing benches or bike shelters

Under all options this would show as “Knutsford Community Fund” (or similar) as an option for players to choose. Option (a) would effectively reduce the precept requirement (as the grants budget is funded through the precept) but delivers no additional benefit in terms of community investment. Options (b) and (c) would deliver additional value to the community through additional funding or project delivery.

Under option (b), the council could be creative with how it distributes funds. For example, it could select projects/organisations and utilise a token-based system like Tesco/Waitrose at Knutsford Market Hall for customers to select a cause using the funds to concurrently promote the Market Hall. It could alternatively have simple donation schemes – for example distributing X number of £250 micro-grants to organisations for work within a chosen theme such as projects supporting schools, projects supporting wildlife etc. These themes could change periodically to align with current objectives of the council.

3.0 ENGAGEMENT WITH GROUPS

Subject to the committee’s view on whether the scheme should be taken forward, it is suggested that the first stage would be to engage with local organisations to ascertain if they would make use of the system. The Community Engagement Officer would contact community groups to enquire if they think the scheme would be beneficial and if they would sign up as an organisation.

Discussion would also take place with a small number of larger organisations with strong supporter bases (e.g. Knutsford Royal May Day, The Welcome and Knutsford Scouts, Lower Moss Wood and potentially some sport clubs such as Toft Cricket Club) with a view that if they would join at launch and promote it to their supporter bases the scheme would launch in a strong position.

4.0 FINANCIAL IMPLICATIONS

There is an upfront cost of £5,000 to establish the lottery with Gatherwell. A further budget of £1,500 is suggested for initial promotion of the lottery for the design and production of marketing materials (leaflets, posters and social media promotion). There is also a £40 lottery licence fee with Cheshire East Council (annual cost).

At the previous meeting, it was noted that the committee had underspend in the 2025/26 financial year. This underspend at year end was £4,100 compared with the projected underspend¹. Subject to Full Council approval, this underspend could be utilised alongside £2,400 of the committee’s current year budget from the Community Services centre.

Subject to take up, the council would thereafter generate an income from the scheme. As an illustration, if take up was 1% of the Knutsford population, it would generate a central fund income of £1,240 per annum and £6,205 of good cause income (see income projections supplied by Gatherwell for more information).

5.0 LINK TO STRATEGY

¹ The actual underspend was £8k; the projected underspend had been £3.9k meaning at year end the financial position was £4.1k of surplus funds.

5.1 STRATEGIC PLAN

The establishment of a lottery links to the council's strategic aim of supporting a strong community and the strategic objective of supporting community organisations to have the resources they need to thrive, by providing an opportunity for straight forward fundraising.

6.0 DECISIONS REQUIRED

The committee should determine whether it wishes to progress the development of a Knutsford and District Community Lottery as outlined.

If the committee wishes to progress the scheme:

- the Community Engagement Officer would engage with community organisations to gauge interest
- the committee should consider a recommendation to Full Council that it authorise use of the £4.1k underspend from the 2025/26 financial year along with current year funds to fund the upfront costs

If the feedback from community groups indicates the scheme would not be supported, the recommendation would not be tabled to Full Council.

Subject to Full Council approval, the committee would consider a further report on the scheme, including detail of when it would launch and how income generated from the lottery would be utilised, at the next committee meeting.