

**States of Guernsey**

**States' Trading Supervisory Board**

**Channel Islands Lottery, Guernsey**

**Report and Accounts**

**For the year ended 31 December 2021**

# **States' Trading Supervisory Board Channel Islands Lottery, Guernsey**

<b>STATES' TRADING SUPERVISORY BOARD MEMBERS, PRINCIPAL OFFICERS AND PROFESSIONAL ADVISERS .....</b>	<b>3</b>
<b>LOTTERY MANAGER'S REPORT .....</b>	<b>7</b>
<b>CORPORATE GOVERNANCE .....</b>	<b>10</b>
<b>OPERATING ACCOUNT ANALYSIS .....</b>	<b>12</b>
<b>APPROPRIATION ACCOUNT.....</b>	<b>13</b>
<b>NOTES TO THE CHANNEL ISLANDS LOTTERY, GUERNSEY ACCOUNTS .....</b>	<b>14</b>

# **States' Trading Supervisory Board**

## **Channel Islands Lottery, Guernsey**

### **States' Trading Supervisory Board Members, Principal Officers and Professional Advisers**

#### **States' Trading Supervisory Board Members**

Deputy P. Roffey	President
Deputy C. Parkinson	
Deputy N. Moakes	
Mr S. Falla CBE	
Mr J. Hollis	resigned 15 October 2021
Dr S. Thornton	appointed 16 October 2021

The constitution of the States' Trading Supervisory Board ("STSB") provides that the membership of the STSB shall be a President and up to two members who shall be members of the States and up to two members who shall not be members of the States. If and when the STSB is inquorate and an urgent decision is required, the States' Rules of Procedure allow for the insufficiency of members to be replaced by members of the States chosen, in the first instance, from members of the Policy & Resources Committee.

#### **Principal Officers to the States' Trading Supervisory Board**

Mr S. Elliott, Managing Director, States Trading Group  
Mr S. Gardiner, Finance Business Partner, States Trading Group  
Mr A. Ford, Head of Shareholder Executive, States Trading Group

The Organisation of States' Affairs (Transfer of Functions) Ordinance 2016 directs that the STSB has responsibilities and oversight of the delivery of the administration and promotion of the Channel Islands Lottery, Guernsey ("CILG").

# States' Trading Supervisory Board

## Channel Islands Lottery, Guernsey

### States' Trading Supervisory Board Members, Principal Officers and Professional Advisers – continued

#### Channel Islands Lottery, Guernsey Sub-Committee Members

Deputy C. Parkinson	Chairman
Deputy N. Moakes	
Mr S. Gardiner	non-voting adviser
Mr J. Taylor	non-voting adviser

The constitution of the Channel Islands Lottery, Guernsey Sub-Committee ("CILG Sub-Committee") as agreed by the STSB at its meeting of 15 February 2018.

Further information on the role of the CILG Sub-Committee is provided in the Corporate Governance section.

#### Principal Officers to the CILG Sub-Committee

Mr S. Gardiner, Finance Business Partner, States Trading Group  
Mrs C. Edwards, Senior Finance Manager, States Trading Group  
Mr J. Taylor, Lottery Manager, States Trading Group

In these Financial Statements any reference to "President" refers to the President of the STSB and any reference to "Chairman" refers to the Chairman of the CILG Sub-Committee.

# **States' Trading Supervisory Board Channel Islands Lottery, Guernsey**

## **Chairman's Report**

### **Overview**

The STSB's mandate is the oversight of the administration and promotion of the Channel Islands Lottery, Guernsey (CILG). Its vision for the CILG is to ensure all CILG games continue to be a positive experience for participants, providing the best return to the charity sector and other good causes, whilst carrying out operations in a responsible manner.

In 2021, the CILG was impacted again by COVID-19, with the second lockdown in January and February resulting in sales for those months being 43% below 2019's level. However, from March through to December sales were on average back to the same level as 2019.

Guernsey Post Limited ("GPL") continued in its role as the ticket main distributor, having been appointed in May 2020.

In addition the CILG team worked closely with the Social Investment Fund (SIF) to enhance the reputation of the lottery through messaging about the charities and good causes that benefit from CILG funding.

### **Business performance**

2021 overall sales in Guernsey were at a similar level to 2020, which had also been affected by COVID-19, and down by 4.8% compared to 2019. This decline was similar to trends in other markets across Europe and North America.

The number of tickets sold in Guernsey for the Christmas Lottery was 443k, 8% less compared to 2020, with Jersey seeing a similar decline.

### **Our community**

The CILG generates much needed funds for charities and good causes throughout the Bailiwick of Guernsey.

### **Our team**

The CILG operations are administered by the Lottery Manager with support from a small team. I would like to thank the team for all their hard work and commitment throughout the year.

# **States' Trading Supervisory Board**

## **Channel Islands Lottery, Guernsey**

### **Chairman's Report - continued**

#### **Our business strategy and future**

The CILG continues to work closely with the team responsible for the operation of the CI Lottery in Jersey to improve efficiencies across the islands with the aim of maximising contributions to good causes while maintaining the Channel Islands Lottery's reputation.

The CILG plans to continue the work enhancing its reputation and building interest in the good causes that the lottery supports throughout Guernsey. This will be achieved by collaborating with SIF to explain how the Lottery benefits the local community. In addition, new ticket dispensers and point of sale materials highlighting the beneficiaries will be distributed through the reseller network.

The CILG will continue to work on improving efficiencies whilst working collaboratively with our partner and ticket producer Scientific Games International ("SGI") as well as GPL.

John Moore University was appointed by Guernsey's Public Health Services to carry out research into problem gambling and a comprehensive report is due for release in 2022 with publication having been delayed due to the COVID-19 pandemic. This initiative, funded from the Lottery Appropriation Account, recognises that while most people who gamble do so responsibly most of the time, problem gambling can be harmful for some. This includes binge gambling, excessive gambling, periods of loss of control and a more serious gambling addiction. This impacts not only on the gambler, but also on families, friends, communities and employers. It is therefore important that the prevalence of the problem is understood, and any areas of concern identified, so services can be developed to address these.

CILG will continue to collaborate with the addiction service providers on island and through the responsible gambling authority GamCare in the UK. The CILG now provides awareness of helplines on the reverse of tickets and in any promotional materials as well as working towards the development of a player protection scheme.

# **States' Trading Supervisory Board Channel Islands Lottery, Guernsey**

## **Lottery Manager's Report**

The STSB presents the report for CILG for the year ended 31 December 2021. These comprise the Operating Account Analysis, Appropriation Account and accompanying notes.

## **Principal activities**

The STSB operates the lottery in Guernsey but it is effectively a joint operation between the States of Guernsey and the Government of Jersey. Its foundation is enshrined in legislation and States of Guernsey Resolutions. It is the oldest lottery in the British Isles and was established between the islands in 1975. In its infancy, Jersey and Guernsey used the revenues to help fund the operations of their respective leisure centres at Fort Regent and Beau Sejour. By 1980 a charity Christmas draw was introduced and remains popular today, albeit with declining sales in recent years.

The Channel Islands Lottery at present has two component formats: firstly, there are the regular instant-win games and secondly the Channel Islands Christmas Lottery which has a drawn top prize, other drawn prizes and an instant win element.

# States' Trading Supervisory Board

## Channel Islands Lottery, Guernsey

### Lottery Manager's Report - continued

#### Financial performance

	<b>Actual 2021 £'000</b>	<b>Actual 2020 £'000</b>
Revenue	<b>12,852</b>	12,920
Bailiwick surplus for the financial year	<b>1,532</b>	1,376
Distributions to Sark and Alderney	<b>10</b>	5
Guernsey Surplus for the financial year	<b>1,522</b>	1,371
Transfer to Beau Sejour Centre	<b>700</b>	1,045
Contribution to Island Games	-	275
Donation to SIF (surplus for Christmas draw and scratch cards)	<b>822</b>	326
Donation to SIF (Appropriation Account balance)	-	2,167

Since 2013 £11.5m has been raised in Guernsey which has gone towards: local charities, funding Beau Sejour's operating deficit, or to good causes that benefit the island's community, such as the Island Games.

£150k was raised through the Christmas Lottery revenues in 2021, a decline of £5k on 2020, all of which was transferred to SIF. The annual net proceeds of the CILG Instant Games were £1,372k from which the agreed ring-fenced sum of £700k was transferred to Beau Sejour and the additional surpluses of £672k were transferred to SIF (2020: £171k).

#### Operational performance

- Ticket Sales:

Sales in 2021 continued to be affected by COVID-19 due to the lockdown in January and February. Sales were in line with 2020 levels but 5% down on pre-pandemic sales (2019).

A set percentage of the sales value of tickets in each game is assigned to prizes (72% is the highest on the £10 games, 70.1% is the average across the various price points). The £10 tickets contributed the most to sales, generating approximately 46% of total sales (£5.9m).

- Channel Islands Christmas Lottery 2021:

Following research carried out in 2020, a number of changes were made to the Christmas Draw for that year, and the format for 2021 was largely the same.



# States' Trading Supervisory Board

## Channel Islands Lottery, Guernsey

### Lottery Manager's Report - continued

The ticket price remained at £2 and the first prize increased with ticket sales, reaching nearly £0.7m. In Guernsey 443k tickets were sold, contributing £0.9m to total sales, which represents a drop in revenues of 8% compared to 2020.

- CILG Profits Disbursed Towards Charity and Good Causes:

Over a period of nine years, a total of £11.5m has been raised for charity, Beau Sejour and good causes. Beau Sejour receives a significant amount which is used to fund the centre's operating deficit and this was capped in 2021 at £700k. In 2020 this was not capped, and the amount transferred to Beau Sejour was £1.0m.

Prizes which are not claimed are forfeited after a given time, usually 12 months after the final issue of tickets for each game/draw. The total value of prizes unclaimed in the Bailiwick of Guernsey amounted to £176k in 2021 (2020: £36k). These forfeited prizes contribute to the proceeds available for good causes.

### Our customers

GPL continues its operation as the main distributor of the CILG, which has been agreed for a five-year term starting in May 2020.

In addition, there are individual agents in Alderney and Sark.

The main distributor purchases tickets from the States of Guernsey and ensures that the tickets are on sale as widely as possible through the reseller network.

As part of its efforts to improve the network and transparency around the resale of tickets, GPL has rationalised the reseller network from 350, under the previous distribution agent arrangements, down to 100. All resellers are well-regulated and credible operators, and adhere to sound financial and credit arrangements and collaborate with GPL and the CILG in promoting responsible play.

# **States' Trading Supervisory Board**

## **Channel Islands Lottery, Guernsey**

### **Corporate Governance**

The purpose of the CILG Sub-Committee is to support the delivery of the STSB's mandate, ensuring the efficient and effective management, operation and maintenance of the CILG.

The CILG Sub-Committee is accountable to the STSB and operates by challenging established practices and assumptions and seeking to support the business in establishing clear strategic direction, business planning and operational delivery in support of the outcomes of the Government Work Plan, the Public Service Reform Agenda, Service Guernsey and other strategic reviews and organisational drivers.

The CILG Sub-Committee membership is a minimum of two STSB members, the States Trading Group Finance Business Partner, and the Lottery Manager.

All members other than the Lottery Manager and the Finance Business Partner are appointed by the STSB.

The quorum is the two STSB members.

The CILG Sub-Committee does not hold a fiduciary responsibility.

The CILG Sub-Committee will take into account the States of Guernsey's political direction with regard to the operation of the CILG, as directed from time to time by the STSB. It must ensure that the CILG operations and operational policies align with the wider strategy and policy framework of the States of Guernsey and/or the STSB. The CILG Sub-Committee may generate policy for endorsement by the STSB and onward to the States of Guernsey as required.

The STSB specifically confers the following responsibilities and delegated authority to the CILG Sub-Committee:

- To approve capital and revenue annual budgets in line with the long-term budgets approved by the STSB;
- To approve annual business plans in line with long-term strategy and planning approved by or directed by the STSB;
- To approve and issue annual reports; and
- To guide and steer the CILG.

In carrying out these responsibilities the CILG Sub-Committee is bound and enabled by States of Guernsey rules for financial and resource management and the rules, directives policies and procedures of the States of Guernsey, such as, but not limited to: Finance; Procurement; Property; Human Resources; Data Protection; Health and Safety Management; Risk and Issue Management; Managing Matters of Litigation and Relevant legislation. The CILG Sub-Committee has the authority delegated by the STSB to direct the Lottery Manager in the day-to-day operation of the CILG in line with approved budget and business plans.

# **States' Trading Supervisory Board Channel Islands Lottery, Guernsey**

## **Corporate Governance – continued**

The CILG acts as a political sub-committee of the STSB.

The STSB can disband the CILG Sub-Committee at any time without notice or recourse to any other body.

In the event due process has not been followed, the CILG Sub-Committee must render itself unable to make a decision until such time process has been followed.

# States' Trading Supervisory Board

## Channel Islands Lottery, Guernsey

### Operating Account Analysis

*for the year ended 31 December 2021*

	Notes	2021 £'000	2020 £'000
<b>Revenue</b>			
Sale of tickets	2	12,852	12,884
Contribution to prize fund		(9,014)	(8,987)
Forfeited prizes		176	36
		<u>4,014</u>	<u>3,933</u>
<b>Expenses</b>			
Distribution and handling costs		(1,534)	(1,604)
Game agents commission		(708)	(733)
Other operating and administrative expenses		(240)	(220)
		<u>(2,482)</u>	<u>(2,557)</u>
<b>Bailiwick surplus</b>		1,532	1,376
States of Alderney	1	(4)	(2)
Chief Pleas of Sark	1	(6)	(3)
<b>Guernsey surplus for the year</b>		<u>1,522</u>	<u>1,371</u>

# States' Trading Supervisory Board

## Channel Islands Lottery, Guernsey

### Appropriation Account

*as at 31 December 2021*

	Notes	2021 £'000	2020 £'000
<b>Balance as at 1 January</b>	4 & 5	-	2,442
Net surplus transferred from Operating Account		<b>1,522</b>	1,371
Contribution towards Island Games		-	(275)
Transfer to Beau Sejour Centre		<b>(700)</b>	(1,045)
Donation to SIF: Christmas Lottery Surplus		<b>(150)</b>	(155)
Donation to SIF: Scratch Cards surplus		<b>(672)</b>	(171)
Donation to SIF: Appropriation Account balance		-	(2,167)
<b>Balance at 31 December</b>		<u>-</u>	<u>-</u>

# States' Trading Supervisory Board

## Channel Islands Lottery, Guernsey

### Notes to the Channel Islands Lottery, Guernsey Accounts

#### 1. Bailiwick Share of Lottery Proceeds

The promotion of the CILG in the Bailiwick of Guernsey generated a surplus of £1.5m in 2021 (2020: £1.4m) (scratch cards and Christmas Draw combined), which was shared within the Bailiwick in proportion to the number of tickets sold on each island as follows:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
States of Guernsey	<b>1,522</b>	1,371
States of Alderney	<b>4</b>	2
Chief Pleas - Sark	<b>6</b>	3
	<hr/>	<hr/>
Total	<b>1,532</b>	1,376
	<hr/>	<hr/>

#### 2. Analysis of ticket revenues

Ticket revenues since 2013 have been as follows:

Year	Scratch Card Revenue		Christmas Draw Revenue		Total Revenue	
	Bailiwick of Guernsey	Jersey	Bailiwick of Guernsey	Jersey	Bailiwick of Guernsey	Jersey
	£'000	£'000	£'000	£'000	£'000	£'000
2013	<b>4,199</b>	2,014	<b>1,177</b>	1,785	<b>5,376</b>	3,799
2014	<b>6,789</b>	3,423	<b>1,226</b>	2,260	<b>8,015</b>	5,683
2015	<b>7,726</b>	4,518	<b>1,232</b>	2,199	<b>8,958</b>	6,717
2016	<b>8,603</b>	5,837	<b>1,200</b>	2,122	<b>9,803</b>	7,959
2017	<b>9,648</b>	7,949	<b>1,077</b>	1,954	<b>10,725</b>	9,903
2018	<b>11,815</b>	7,102	<b>1,185</b>	1,998	<b>13,000</b>	9,100
2019	<b>12,478</b>	7,050	<b>1,020</b>	1,684	<b>13,498</b>	8,734
2020	<b>11,924</b>	7,942	<b>960</b>	1,269	<b>12,884</b>	9,211
2021	<b>11,966</b>	8,563	<b>886</b>	1,172	<b>12,852</b>	9,735

# States' Trading Supervisory Board

## Channel Islands Lottery, Guernsey

### Notes to the Channel Islands Lottery, Guernsey Accounts – continued

#### 3. Financial commitments

There are no outstanding commitments on the Lottery Appropriation Account.

#### 4. Appropriation Account

In the Billet D'Etat VII, 2020 the States of Deliberation agreed the establishment of the Social Investment Fund (SIF). A separately constituted body, acting as a States of Guernsey partner, it uses public and some private funds from a variety of sources to invest in the Bailiwick's charitable and community sector organisations. In the same Billet, it was also agreed to rescind existing resolutions relating to the distribution of CILG proceeds and replace them with a direction that any CILG proceeds are to be retained in the CILG Appropriation Account and to delegate authority to the Policy & Resources Committee to approve their use for the following:

- i) Funding initiatives designed to help and support individuals experiencing gambling problems locally;
- ii) Providing a ring-fenced annual grant to the Committee *for* Education, Sport & Culture specifically for funding Beau Sejour Leisure Centre; and
- iii) Transferring to the Social Investment Fund (SIF).

Furthermore, they agreed;

- iv) That a ring-fenced annual grant of a maximum of £700,000 per annum for the three years 2021 - 2023 be provided from the Channel Islands Lottery (Guernsey) Fund Appropriation Account to the Committee *for* Education, Sport & Culture specifically for funding Beau Sejour Leisure Centre (to be reviewed no later than December 2022);
- v) To approve the transfer of the uncommitted balance of the Channel Islands Lottery (Guernsey) Fund Appropriation Account as at 31 December 2019 to the Social Investment Fund (SIF), and
- vi) To agree that any balance of the Channel Islands Lottery (Guernsey) Fund Appropriation Account from 2020 onwards be transferred to the Social Investment Fund (SIF).

For the CILG this means that, effective from 2020, any Guernsey surpluses generated (after appropriations to Alderney and Sark) are retained in the Appropriation Account for Policy & Resources Committee to appropriate as referred to above. CILG no longer distributes the net proceeds of the Christmas Lottery to the Association of Guernsey Charities.

# States' Trading Supervisory Board

## Channel Islands Lottery, Guernsey

### Notes to the Channel Islands Lottery, Guernsey Accounts – continued

#### 5. Distributions from the Appropriation Account

Summary of all amounts distributed since 2013:

	AGC	Beau Sejour	Island Games	Liberation Day	Health Impact assessment on Gambling Addiction	Transfer to SIF	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2013	209	550					759
2014	389	550					939
2015	220	672		50			942
2016	213	651					864
2017	190	493	100				783
2018	218	616	100				934
2019	184	605	125		25		939
2020	-	1,045	275			2,493	3,813
2021	-	700	-	-	-	822	1,522
Total	<b>1,623</b>	<b>5,882</b>	<b>600</b>	<b>50</b>	<b>25</b>	<b>3,315</b>	<b>11,495</b>