

States of Guernsey

States' Trading Supervisory Board

Channel Islands Lottery, Guernsey

Annual Report and Accounts

For the year ended 31 December 2024

States' Trading Supervisory Board Channel Islands Lottery, Guernsey

States' Trading Supervisory Board Members, Principal Officers and Professional Advisers	3
Lottery Manager's Report	7
Corporate Governance	9
Operating Account Analysis	11
Appropriation Account	12
Notes to the Channel Islands Lottery, Guernsey Accounts	13

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 M. Thompson
Dr S. Thornton

The constitution of the States' Trading Supervisory Board ("STSB") provides that the membership of the STSB shall be a President and two members who shall be sitting members of the States and up to two voting members who shall not be sitting 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 A. Ford, Head of Shareholder Executive, States Trading Group
Mr M. Salmon, Finance Business Partner, 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 M. Salmon	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 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

Mrs A-M. Best, Senior Finance Manager, States Trading Group
Mr M. Salmon, Finance Business Partner, 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.

The £10 game portfolio has driven growth over recent years, this has slowed in 2024 as safer gambling education becomes more prevalent at point of sale and the popularity of the £5 games continues. Sales at £10 price point have declined at 9% compared with last year and contribute to 52% of total sales in 2024. In particular, with more whimsical/take home and play games such as Bingo becoming more popular with participants. Sales at £5 price point are up 11% on 2023 and have contributed 42% of total sales in 2024. These games in particular, resonate with a broader demographic as some of these games such as Bingo, have an extended game play mechanics.

The Christmas instant and draw game was launched across the islands in October 2024. Volumes were boosted by the successful online purchasing solution established by Guernsey Post, the appointed main distributor for syndicate sales. This has proved extremely popular with local companies, clubs and associations and groups of people. This online solution will continue to be promoted and developed in 2025.

Local radio station Island FM supported the build up to the draw which took place at their studio headquarters in St Peter Port, Guernsey. Island FM dedicated a whole early evening show to the winning ticket announcement. The Very Reverend Dean of Guernsey performed the duty of independent observer to ensure the draw was carried out correctly. The winning number of the first prize of £438,795, was 676349. The first prize ticket was issued in Jersey, whilst the second prize of £50,000 was issued in Guernsey and was won by a syndicate.

Syndicate sales have been extremely popular in Guernsey too, with an increase of 31% on 2023 according to the distributor agent, Guernsey Post.

In 2025 the Channel Islands Lottery celebrates its 50th year in existence.

Business performance

Total Channel Island sales revenue reached £24.6m an increase of 1.5% on 2023.

Guernsey achieved total sales of £14m which is a 0.4% decline on 2023.

The Christmas Draw Game achieved total sales of £1.51m in 2024 across the Channel Islands. Guernsey achieved sales of £770K for the traditional Christmas draw game which was a slight decline of 3% compared with last year (7% in 2023, 14.7% in 2022). However, they, for the first time in a long time beat Jersey who sold £749K. There has been less excitement for the Christmas Lottery in Jersey given that Guernsey had won the first prize for the previous seven years. With Jersey winning the first prize in 2024, this will create more interest in the Christmas game in Jersey in its 50th year. The complimentary instant Christmas game entitled Extravaganza, was extremely popular and sold out by the end of November.

States' Trading Supervisory Board

Channel Islands Lottery, Guernsey

Chairman's Report – continued

During 2024, the Channel Islands Joint Political Oversight (CIJPO) Group has supported extensive participation research and stakeholder engagement to inform decisions made towards the future strategic direction of the CI Lottery.

The existing game maker arrangements conclude in 2027 and as responsible custodians, the States of Guernsey working collaboratively with the States of Jersey under the framework of the Channel Islands Lottery Political Oversight Group (CIJPO) will procure the services of a new game maker(s) to operate the lottery from the end of the existing term

The findings from this research work, together with complementary studies by Public Health in both islands and subsequent further stakeholder engagement, will help the CIJPO Group develop the CI Lottery in a safe and responsible way as it enters the Lottery's 50th year in 2025 and beyond.

Our community

The CILG generates much needed funds for charities and good causes throughout the Bailiwick of Guernsey. Funds are disbursed through the Social Investment Fund's (SIF) small grants programme. Applications can be made by beneficiaries throughout the calendar year with the first tranche of disbursements carried out in January. 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.

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 through the CIJPO 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, ticket dispensers and point of sale materials highlighting the beneficiaries are in situ throughout 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 Guernsey Post Limited (GPL) as main distribution agent.

CILG will continue to collaborate with the addiction service providers on island and through the responsible gambling authority GamCare in the UK. The CILG will continue to provide awareness of helplines on the reverse of tickets and have distributed safer gambling information leaflets and contact cards to all resellers in the CI Lottery network.

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 2024. These comprise the Operating Account Analysis, the Appropriation Account and the 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 regular instant-win games and secondly the Channel Islands Christmas Lottery which has a drawn top prize, other drawn prizes and an instant element.

Our customers

GPL continues its operation as the main distributor of the CILG, which has been agreed for a five-year term which started 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 have 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 both sound financial and credit arrangements and collaborate with the GPL and the CILG in promoting responsible play.

Further to this, GPL are developing new winning ticket validation technology and point of sale system which, has been extensively trialled in 2024 with a Channel Island wide rollout to be completed by July 2025. This new system integrates stock control and provides an efficient and secure way for resellers to verify winning ticket claims.

States' Trading Supervisory Board

Channel Islands Lottery, Guernsey

Lottery Manager's Report - continued

Financial performance

	Actual 2024 £'000	Actual 2023 £'000
Revenue	14,016	14,074
Bailiwick surplus for the financial year	1,845	1,510
Distributions to Sark and Alderney	13	10
Guernsey surplus for the financial year	1,832	1,500
Transfer to Beau Sejour Centre	700	700
Donation to SIF (surplus for Christmas draw, scratch cards & funds returned from Island Games)	1,132	868

Since 2013 £16m 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

£118.8k was raised through the Christmas Lottery revenues in 2024, an increase of £13.8k on 2023, all of which was transferred to SIF. The annual net proceeds of the instant win games were £1,713k from which the sum of £700k was transferred to the Beau Sejour Leisure Centre and the balance of £1,013k was transferred to SIF (2023: £695k plus a further £68k which was returned from the Island Games, total: £763k).

Operational performance

Total sales for the end of the year were £14m, which is in line with 2023. A set percentage of the sales value of tickets in each game is assigned to prizes (72% is the highest on the £10 game, 70.1% is the average across the various price points). The £10 tickets contributed the most to sales, generating approximately half of total sales (£7.6m).

The format for the 2024 Christmas Lottery was the same as 2023. Guernsey final sales figures were £770,100). There was a decline of 11% on 2023 across the Islands. The first prize was calculated at £438,795.

Over a period of eleven years, a total of £16m 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.

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 £305k in 2024 (2023: £70k). These forfeited prizes contribute to the proceeds available for good causes.

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.

As a sub-committee of the States of Guernsey, 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,
- Approve annual business plans in line with long-term strategy and planning approved by or directed by the STSB,
- Approve and issue annual reports, and
- 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 sub-committee 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 2024

	Notes	2024 £'000	2023 £'000
Revenue			
Sale of tickets	2	14,016	14,074
Contribution to prize fund		(9,853)	(9,883)
Forfeited prizes		305	70
		<u>4,468</u>	<u>4,261</u>
Expenses			
Distribution and handling costs		(1,674)	(1,676)
Game agents commission		(665)	(781)
Other operating and administrative expenses		(284)	(294)
		<u>(2,623)</u>	<u>(2,751)</u>
Bailiwick surplus		1,845	1,510
States of Alderney	1	(4)	(3)
Chief Pleas of Sark	1	(9)	(7)
		<u>1,832</u>	<u>1,500</u>
Guernsey surplus for the year		<u>1,832</u>	<u>1,500</u>

States' Trading Supervisory Board

Channel Islands Lottery, Guernsey

Notes to the Channel Islands Lottery, Guernsey Accounts – continued

Appropriation Account

as at 31 December 2024

	Notes	2024 £'000	2023 £'000
Balance as at 1 January	4 & 5		
Net surplus transferred from Operating Account		1,832	1,500
Contribution towards Island games - returned funds		-	68
Transfer to Beau Sejour Centre		(700)	(700)
Donation to SIF: Christmas Lottery surplus		(119)	(105)
Donation to SIF: 2023 Scratch Cards surplus		(1,013)	(695)
Transfer to SIF, Island Games		-	(68)
Balance as at 31 December		-	-

States' Trading Supervisory Board

Channel Islands Lottery, Guernsey

Notes to the Channel Islands Lottery, Guernsey Accounts – continued

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 proceeds of £1.8m in 2024 (2023: £1.5m) (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:

	2024 £'000	2023 £'000
States of Guernsey	1,832	1,500
States of Alderney	4	3
Chief Pleas - Sark	9	7
Totals	1,845	1,510

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	4,199	2,014	1,177	1,785	5,376	3,799
2014	6,789	3,423	1,226	2,260	8,015	5,683
2015	7,726	4,518	1,232	2,199	8,958	6,717
2016	8,603	5,837	1,200	2,122	9,803	7,959
2017	9,648	7,949	1,077	1,954	10,725	9,903
2018	11,815	7,102	1,185	1,998	13,000	9,100
2019	12,478	7,050	1,020	1,684	13,498	8,734
2020	11,924	7,942	960	1,269	12,884	9,211
2021	11,966	8,563	886	1,172	12,852	9,735
2022	12,471	8,091	803	1,038	13,274	9,129
2023	13,277	9,255	797	914	14,074	10,169
2024	13,246	9,830	770	750	14,016	10,580

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). This has now been extended until the end of 2025 to allow time for the completion of the Beau Sejour Sustainability Review which is expected to present recommendations in early 2025;
- 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, all surpluses generated (after appropriations to Alderney and Sark) are transferred to the Social Investment Fund (SIF). 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 Liberation Games	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
2022	-	700	-	-	-	774	1,474
2023	-	700	-68	-	-	868	1,500
2024	-	700	-	-	-	1,132	1,832
Total	1,623	7,982	532	50	25	6,089	16,301