



Gambling Act 2005

Guidance notes to register a small society lottery with us

Contents

Small society lottery definition	2
Application and registration	2
Renewal of registration.....	2
Cancellation of registration.....	3
Promoter	3
Ticket information	3
Lottery requirements	3
Returns.....	4
Retention of records	4
Exempt lotteries (other than small society lotteries)	5
External lottery managers	5
Refusal of registration	6
Revocation	6
Appeal	6
Compliance and enforcement	7
List of external web links	7

Small society lottery definition

1.1. A small society lottery is a lottery promoted on behalf of a non-commercial society as defined in s. 19 of the Act, which satisfies the financial requirements set out in paragraph 31 of Schedule 11 (see below). It is an exempt lottery, in that a small society lottery does not require a licence from the Gambling Commission.

1.2. 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, or
- for any other non-commercial purpose other than that of private gain

1.3. A lottery is small if the total value of tickets put on sale in a single lottery is £20,000 or less and the aggregate value of the tickets put on sale in a calendar year is £250,000 or less. Where tickets for a single lottery exceed £20,000 or the aggregate value of tickets in a year exceeds £250,000 a lottery is a large society lottery and a licence will be required from the Gambling Commission.

1.4 Societies who run small society lotteries under registration with a local authority and who sell tickets by means of remote communication (internet, telephone etc.) will not be required to hold a remote gambling licence issued by the commission.

Application and registration

2.1. The promoting society of a small society lottery must, throughout the period during which the lottery is promoted, be registered with a local authority in England and Wales or licensing board in Scotland. Parts 4 and 5 of Schedule 11 of the Act set out the requirements on societies and licensing authorities with respect to registration of small society lotteries.

2.2 The society will be required to be registered with their local authority in the area where their principal office is located. The Gambling Commission recommends that if the local authority believes that the society's principal office is situated in another area it should inform the society as soon as possible and if possible inform that other authority. For the Melton Borough area, we are the local authority.

2.3. Application forms are available from our website and should be returned to us, when completed, with the statutory fee of £40.00 for each new registration.

2.4. Applicants must submit a draft of their terms and conditions with their application, or a scheme under which the proposed lottery or lotteries will be run.

2.5. We will record details of the society and keep the details on a register. This register can be made available to the public on request.

Renewal of registration

3.1. The fee for the annual renewal of registration, due each year on the date of registration, will be £20.00.

3.2. If a registered society fails to pay the renewal fee we may cancel the society's registration.

3.3 If we cancel a registration under sub-paragraph 3.2 we will as soon as is reasonably practicable notify the formerly registered society.

Cancellation of registration

4.1. A society registered with us for the promotion of lotteries may at any time apply to us for the cancellation of the registration and, in any such case, we shall cancel the registration accordingly.

4.2. For the renewal of registration, it is imperative that societies who no longer wish to conduct lotteries take positive steps to cancel their registration, preferably by notice in writing to us and ensure that they receive written confirmation from us that the registration has in fact, been cancelled.

Promoter

5.1. The promoter of a lottery shall be a member of the society for whose benefit the lottery is run authorised in writing by the governing body of the society to act as the promoter.

Ticket information

6.1. All tickets in a society lottery registered by us must state:

- The name of the society on whose behalf the lottery is being promoted
- The price of the ticket, which must be the same for all tickets
- The name and address of the member of the society responsible for the promotion of the lottery (in the case of a small society lottery run under local authority registration the name and address of the external licensing manager if there is one may be given as an alternative)
- The date of the draw, or the means by which the date may be determined, and
- The Commission recommends that operators maintain written records of unsold and returned tickets for a period of one year. The licensing authority is permitted to inspect the records of the lottery for any purpose related to the lottery

6.2. Tickets which are issued through a form of remote communication or any other electronic manner must specify this information to the purchaser of the ticket and ensure that the message can be either retained or printed

Lottery requirements

7.1. The purpose of permitted lotteries is to raise money for causes that are non-commercial and therefore the Act requires that a minimum proportion of the money raised by the lottery is channelled to the goals of the society that promoted the lottery. If a small society lottery breaches these limits it will be in breach of the Act and will be liable to prosecution.

7.2. The limits placed on small society lotteries are as follows:

- A small society lottery must apply at least 20% of the proceeds of the lottery to the purposes of the society
- The current limits mean that no single prize in a small society lottery may be worth more than £25,000
- Rollovers are only permitted where every lottery affected is also a small society lottery promoted by the same society, and the maximum single prize is £25,000
- Every ticket in the lottery must cost the same and the fee must be paid to the society before entry into the draw is allowed

7.3. Lotteries are a form of gambling and as such societies and us as a local authority are required to ensure that children and other vulnerable people are not exploited by their lottery.

7.4. The minimum age for participation in a lottery is 16 years of age. A person commits an offence if they invite or allow a child to enter a lottery other than certain classes of exempt lottery (For example, incidental non-commercial lotteries, private lotteries, work lotteries and residents' lotteries).

Returns

8.1. Every society registered with us to run small society lotteries must submit a statement providing the following information:

- The arrangements for the lottery (including the date on which tickets were available for sale or supply, the dates of any draw and the value of prizes, including any rollover)
- The proceeds of the lottery, the amounts deducted by the promoters of the lottery in providing prizes, including prizes in accordance with any rollovers
- The amounts deducted by the promoters of the lottery in respect of costs incurred in organising the lottery
- Any amount applied to a purpose for which the promoting society is conducted (at least 20% of the proceeds), and
- Whether any expenses incurred in connection with the lottery were not paid for by deduction from the proceeds, and, if so, the amount of expenses and the sources from which they were paid

8.2. A registered society's return must be sent to us within the three months beginning on the day on which the draw (or last draw) in the lottery took place. It must be signed by two members of the society appointed in writing for that purpose by the society's governing body and accompanied by a copy of that appointment.

Retention of records

8.3. Where a statement is sent to us, we shall:

- retain it for at least 18 months

- make it available for inspection by members of the public at all reasonable times, and
- make arrangements for the provision of a copy of it or part of it to any member of the public on request

8.4. We may refuse to provide access or a copy unless the person seeking access or a copy pays a fee specified by us.

8.5 We may not specify a fee (under 8.4) which exceeds the reasonable cost of providing the service sought (but in calculating the cost of providing a service to a person we may include a reasonable share of expenditure which is referable only indirectly to the provision of that service).

Exempt lotteries (other than small society lotteries)

9.1. Exempt lotteries do not require a licence from the Gambling Commission. There are essentially four types of exempt lottery, of which a small society lottery is one.

The other types of exempt lottery are:

- Incidental non-commercial lotteries – these are lotteries that are promoted wholly for purposes other than private gain, and which are incidental to non-commercial events (commonly charity fund raising events)
- Private lotteries, which may be private society lotteries – tickets may only be sold to members of the society, or persons who are on the premises of the society
- Work lotteries – the promoters and purchasers of tickets must all work on single set of work premises; residents' lotteries – promoted by, and tickets may only be sold to, people who live at the same set of premises, or
- Customer lotteries – promoted by the occupier of business premises and tickets may only be sold to customers who are on the business premises.

External lottery managers

10.1. External lottery managers are an individual, firm or company appointed by the society to manage a lottery or lotteries on behalf of the society. They are consultants and generally take their fees from the expenses of the lottery.

10.2. External lottery managers must hold an operator's licence issued by the Commission to manage any lottery including small society lotteries registered with a licensing authority.

10.3. Societies which employ an unlicensed external lottery manager commit an offence. Societies will thus need to satisfy themselves that any external lottery manager they employ holds an operator's licence issued by the Commission. This can be achieved by looking at the register of licences held on the Gambling Commission website. We wish to advise societies planning to use or are using an external lottery manager that they should do this and may wish to verify that it has been done.

Refusal of registration

11.1. We shall refuse an application for registration if in the period of five years ending with the date of the application an operating licence held by the applicant for registration has been revoked under section 119(1), or an application for an operating licence made by the applicant for registration has been refused

11.2. We may refuse an application for registration if we think that

- The applicant is not a non-commercial society
- A person who will or may be connected with the promotion of the lottery has been convicted of a relevant offence, or
- Information provided in or with the application for registration is false or misleading

11.3. We may not refuse an application for registration unless we have given the applicant an opportunity to make representations.

Revocation

11.4. We may revoke a registration under this Part if we think that we would be obliged or permitted to refuse an application for the registration were it being made anew.

11.5. Where we revoke a registration under this Part, we shall specify that the revocation takes effect immediately, or at the end of such period, beginning with the day of the revocation and not exceeding two months, as we may specify.

11.6. We may not revoke a registration under this Part unless we have given the registered society an opportunity to make representations.

Appeal

11.7. If we refuse or revoke registration under this Part, we shall notify the applicant society or the formerly registered society as soon as is reasonably practicable, and the society may appeal to a magistrates' court.

11.8. An appeal under this paragraph must be instituted

- in a magistrates' court for a local justice area which is wholly or partly within the Melton Borough area against whose decision the appeal is brought
- by notice of appeal given to the designated officer, and
- in the period of 21 days beginning with the day on which the society is notified of the refusal or revocation of registration, and

On an appeal under this paragraph a magistrates' court may

- Affirm our decision
- Reverse our decision
- Make any other order (which may include transitional provision)

Compliance and enforcement

12.1. Small society lotteries are intended to raise funds for “good causes”. The Act gives us a range of powers to inspect lotteries, to ensure compliance with the Act and enforcement powers should the Act be breached.

12.2. The Act sets out a number of offences in relation to small society lotteries:
Section offence:

- s. 260 Misusing the profits of a lottery
- s. 262 Purporting to operate a small society lottery when not registered, or failing to make the required, or making false or misleading, returns in respect of such lotteries
- s. 326 Without reasonable excuse, obstructing or failing to co-operate with an authorised person exercising his/he powers
- s. 342 Without reasonable excuse, giving false or misleading information to the Gambling Commission or a licensing authority.

12.2. Even where a society registers with us, if it fails to comply with any of the other conditions of a small society lottery laid down in Part 4 of Schedule 11 of the Gambling Act 2005 it will be operating in an illegal manner. Under these circumstances the society may be prosecuted by the Gambling Commission, the police or us.

List of external web links

Gambling Commission: www.gamblingcommission.gov.uk

Department for Culture Media and Sport: www.culture.gov.uk

The Lotteries Council: www.lotteriescouncil.org.uk

Hospice Lotteries Association: www.hospicelotteries.org.uk

Charity Commission for England & Wales: www.charity-commission.gov.uk

Office of the Scottish Charities Regulator: www.oscr.gov.uk

Office of Fair Trading (scams): www.oft.gov.uk/consumer/scams

Trading Standards: www.tradingstandards.gov.uk

Local Authority Coordinators of Regulatory Services www.lacors.gov.uk

Institute of Fundraising: www.institute-of-fundraising.org.uk

Charity Law Association: www.charitylawassociatio.org.uk

OFCOM: www.ofcom.org.uk