



Mansfield District Council

Creating a District where People can Succeed

Small Society Lotteries

Gambling Act 2005

Guidance notes for Small Society lotteries
registering with the local authority

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Introduction

1. 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 1.3). 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.

2. 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 and the other authority as soon as possible.
- 2.3. Application forms are available from the Licensing Division and should be returned to them, when completed, with the statutory fee of £40.00 for each new registration.
- 2.4. Applicants for new registrations, will be required to submit
 - a draft of the scheme under which the proposed lottery(ies) will be run.
 - terms and conditions or constitution of the society
 - minute or other resolution duly certified saying that the above has been adopted
- 2.5. The Licensing Authority will record details of the society and keep the details on a register. While the register does not have to be a public register, the Commission recommends that Licensing Authorities make the register available to the public on request.

3. Annual fee

- 3.1. The annual fee for registration, must be paid within the period of two months which ends immediately before each anniversary of the registration.
- 3.2. If a registered society fails to pay the annual fee the registering authority may cancel the society's registration.
- 3.3. If a local authority cancel a registration they shall as soon as is reasonably practicable notify the formerly registered society.

4. Cancellation of registration

- 4.1. A society registered with the Local Authority for the promotion of lotteries may at any time apply to the Local Authority for the cancellation of the registration.
- 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 the Local Authority and ensure that they receive written confirmation from the Local Authority that the registration has in fact, been cancelled.

5. Promoter

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

6. Ticket information

- 6.1. All tickets in a society lottery licensed by the Commission or registered with a Local Authority must state:
 - the name of the promoting society
 - 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
- 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.
- 6.3. The society is required to maintain written records of unsold and returned tickets for a period of one year from the date of the lottery draw. The Licensing Authority is permitted to inspect the records of the lottery for any purpose related to the lottery.

7. Lottery requirements

- 7.1. The purpose of permitted lotteries is to raise money for causes that are non-commercial, 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 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 local authorities 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 (ie: incidental non-commercial lotteries, private lotteries, work lotteries and residents' lotteries).
- 7.5. The Act requires that lottery tickets may only be sold by persons over the age of 16 to persons over the age of 16.

8. Returns

- 8.1. Every society registered with a local authority 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
 - the amount applied to a purpose for which the promoting society is conducted (this **must** be at least 20% of the proceeds)
 - 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 the Local Authority 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.

9. 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.

10. 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 consultant 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. Licensing authorities should advise societies planning to use or using an external lottery manager that they should do this and may wish to verify that it has been done.

11. Refusals, revocations and appeal

Refusal

- 11.1. A local authority 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. A local authority may refuse an application for registration if they 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. A local authority may not refuse an application for registration unless they have given the applicant an opportunity to make representations.

Revocation

- 11.4. A local authority may revoke a registration under this Part if they think that they would be obliged or permitted to refuse an application for the registration were it being made anew.
- 11.5. Where a local authority revoke a registration under this Part they 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 they may specify.
- 11.6. A local authority may not revoke a registration under this Part unless they have given the registered society an opportunity to make representations.

Appeal

- 11.7. If a local authority refuse or revoke registration under this Part;
- the authority 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 within 21 days of receipt of the notice of the decision.

12. Compliance and enforcement

- 12.1. Small society lotteries are intended to raise funds for 'good causes'. The Act gives licensing authorities a range of powers to inspect lotteries and 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 of the Act	Offence
s.258	Promoting a non-exempt lottery without a licence
s.259	Facilitating a non-exempt lottery without a licence
s.260	Misusing the profits of a lottery
s.261	Misusing the profits of an exempt 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.

12.3 Even where a society registers with a licensing authority, 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 the Licensing Authority.

13. Incidental non commercial lotteries

13.1 An incidental non-commercial lottery is one that is not promoted for private gain and which is incidental to a non-commercial event. Examples may include a lottery held at a school fete, or a social event such as a dinner dance. An event is deemed non-commercial if all the money raised at the event, including entrance fees, goes entirely to proposes that are not for private gain. Therefore a fundraising social event with an entrance fee would be non-commercial if the profits were retained by the organiser.

13.2 For this type of lottery, part one of schedule 11 of the Act, and regulations laid by the regulations, specify the following:

- The promoters of the lottery may not deduct more than £500 from the proceeds in respect of the cost of the prizes
- The promoters of the lottery may not deduct more than £100 from the proceeds in respect of the cost of other expenses, such as the cost of printing tickets or hire of equipment.
- The lottery cannot involve a rollover of prizes from one lottery to another
- Tickets must only be sold at the premises during the event, and the result must be made public while the event takes place.

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Contacts

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.of.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

