

Gambling Act 2005

Small Society Lotteries Registration – Explanatory Notes

The Gambling Act 2005, which repeals the Lotteries and Amusements Act 1976, establishes a licensing regime for large non-commercial society and local authority lotteries to be administered by the Gambling Commission (licensed lotteries) and maintains a registration system for small non-commercial society lotteries to be administered by licensing authorities (exempt lotteries).

Definition of Lottery

A lottery is an arrangement which satisfies the statutory description of either a **simple** lottery or a **complex** lottery under section 14 of the Act.

An arrangement is a **simple** lottery if:

1. persons are required to pay to participate;
2. one or more prizes are allocated to one or more members of a class; and
3. the prizes are allocated by a process which relies wholly on chance.

An arrangement is a **complex** lottery if 1-3 above apply and the first of those processes relies wholly on chance.

Definition of Society

A society is the society or any separate branch of such a society on whose behalf a lottery is to be promoted and it must be a non-commercial organisation. A society is non-commercial if it is established and conducted:

1. for charitable purposes;
2. for the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity, or
3. for any other non-commercial purpose other than that of private gain.

Registration

Societies which run small society lotteries, ie, where the total value of tickets to be put on sale per single lottery is £20,000 or less and the total aggregate value of tickets to be put on sale for all their lotteries in a calendar year does not exceed £250,000, must register with the local authority in the area where their principal office is located throughout the period during which the lottery is promoted.

Application for registration must be in the prescribed form, be accompanied by the registration fee of £40.00 and, unless it is cancelled, the registration will run for an unlimited period. An annual fee of £20.00 will be payable before each anniversary of the registration. The registration may be cancelled by the authority if the annual fee is not paid.

Administration and Returns

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. The limits are as follows:

1. at least 20% of the lottery proceeds must be applied to the purposes of the society;
2. no single prize may be worth more than £25,000;
3. rollovers between lotteries 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;
4. every ticket in the lottery must cost the same and the ticket fee must be paid to the society before entry into the draw is allowed.

Paragraph 39 of Schedule 11 to the Act sets out the information that the promoting society of a small society lottery must send as returns to the licensing authority with which it is registered following each lottery held. The information that must be submitted is as follows:

1. the arrangements for the lottery, specifically the date on which tickets were available for sale or supply, the dates of any draw and the value of the prizes, including any donated prizes and any rollover;
2. the proceeds of the lottery;
3. the amounts deducted by the promoters of the lottery in providing prizes, including prizes in accordance with any rollovers;
4. the amounts deducted by the promoters of the lottery in respect of costs incurred in organising the lottery;
5. 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; and
6. the amount applied to the purpose for which the promoting society is conducted – this must be at least 20% of the proceeds.

Paragraph 39 also requires that returns must:

1. be sent to the licensing authority no more than three months after the date of the lottery draw; and
2. be signed by two members of the society, who must be aged eighteen or older, are appointed for the purpose in writing by the society or, if it has one, its governing body, and accompanied by a copy of their letters of appointment.

Lottery Tickets

A purchaser of a small society lottery ticket must receive a document which identifies:

1. the name of the promoting society;
2. the price of the ticket (must be the same for all tickets - £2 maximum limit has been removed);
3. the name and address of the member of the society who is designated as having responsibility for promoting small lotteries; and
4. the date of the draw (or enables the date to be determined).

Small society lottery operators should maintain written records of any unsold and returned tickets for a period of one year from the date of the lottery draw and these should be available for inspection by the licensing authority.

Lottery tickets may only be sold by persons over the age of 16 to persons over the age of 16. They should not be sold in a street (this includes any bridge, road, lane, footway, subway, square, court or passage, including passages though enclosed premises such as shopping malls). They may be sold from a kiosk, in a shop or door-to-door.

Prizes

Prizes awarded can be either cash or non-monetary. The amount of money deducted from the proceeds of the lottery to cover prizes, combined with any running expenses incurred, must not comprise more than 80% of the total lottery proceeds. Donated prizes would not be counted as part of this 80%, but should still be declared on the return following the lottery draw.

Gambling Commission

Further information, including the Gambling Commission's publication 'Lotteries and the Law (2005 Gambling Act)' which offers advice on promoting and running lotteries, is available on their website: www.gamblingcommission.gov.uk.