



GAMBLING ACT 2005

GUIDANCE NOTES RELATING TO SMALL SOCIETY LOTTERIES

These notes are for guidance only and do not constitute an authoritative interpretation of the Law which can only be given by the Courts.

The Gambling Act 2005 authorises the conduct of small lotteries (e.g. a sweepstake or draw, etc.) by societies for raising money for charitable, sports and other similar purposes, otherwise than for private gain. The society on whose behalf the lottery is promoted must first be registered with the appropriate authority, and the lottery must be conducted in a manner complying with the Act. **IF THE TOTAL VALUE OF TICKETS OR CHANCES TO BE SOLD IN ANY ONE LOTTERY IS MORE THAN £20,000 OR AMOUNTS TO OVER £250,000 IN AGGREGATE THE LOTTERY MUST HOLD A LOTTERY OPERATOR'S LICENCE ISSUED BY THE GAMBLING COMMISSION.** Once registered with the Gambling Commission, the society must promote all further lotteries (of whatever size) held in that or the following three calendar years under the Commission's registration, and will not be able to change to local authority registration during that time.

REGISTRATION OF SOCIETY

A small society lottery is a lottery promoted on behalf of a non-commercial society. It is not permissible to establish a society whose sole purpose is to facilitate lotteries – it must have some other purpose. A society is non-commercial if it 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.

Application for registration must be made to the Licensing Authority within whose area the office or the head office of the particular society is situated. An application form is available from the Licensing Section by telephoning (01527) 881405 or from our website at www.bromsgrove.gov.uk. When completed the application form must be returned to the Licensing Authority, together with the statutory fee of £40.00 and a copy of the Society's terms and conditions or constitution to establish that the Society is non-commercial.

Registrations run for an unlimited period, unless the registration is cancelled by the Society or revoked by the Licensing Authority. However, the registered society must submit to the Licensing Authority a renewal fee of £20.00, payable two months prior

to the anniversary of registration. (Cheques to be made payable to 'Bromsgrove District Council').

REFUSAL OF REGISTRATION

The Licensing Authority may refuse an application for any of the following reasons:

- in the previous five years either an operating licence held by the applicant for registration has been revoked or an application for an operating licence made by the applicant for registration has been refused.
- 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. Details of relevant offences are available from the Licensing Authority.
- information provided in or with the application for registration is found to be false or misleading.

If the Licensing Authority is minded to refuse to register a society or revoke an existing registration if the society no longer falls within the provisions of the Act; the society will be given the opportunity to make representations to the Council's Licensing Sub-Committee. Following the conclusion of any hearing, the society have a right to appeal against the Council's decision within 21 days to the local Magistrates' Court

ADMINISTRATION AND RETURNS

When a lottery has been held, the promoter must send a return, following each lottery held, not later than the end of the third month after the date of the lottery. Forms of return are available on request from the Licensing Authority.

Limits placed on small society lotteries are as follows:

- at least 20% of the lottery proceeds must be applied to the purposes of the society.
- No single prize may be worth more than £25,000;
- 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; and
- Every ticket in the lottery must cost the same and the society must take payment for the ticket fee before entry into the draw is allowed.

LOTTERY TICKETS

Lotteries may involve the issuing of physical or virtual tickets to participants (a virtual ticket being non-physical, for example in the form of an email or text message). **All tickets must state:**

- 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 who is designated as having responsibility at the society for promoting small lotteries, or (if there is one) the external lottery manager;
- the date of the draw, or information which enables the date to be determined.

A society must maintain a written record of any unsold and returned tickets for a period of one year from the date of the lottery draw. The licensing authority is authorised to inspect the records of the lottery for any purpose related to the lottery.

The Act requires that lottery tickets may only be sold by persons over the age of 16 to persons over the age of 16.

Tickets should not be sold in a street, where street includes any bridge, road, lane, footway, subway, square, court or passage (including through enclosed premises such as shopping malls).

Tickets may, however, be sold from a kiosk, in a shop or door to door.

PRIZES

Prizes awarded can be either cash or non-monetary. The value of prizes must not exceed the limits on prizes as set out in the Act, namely that combined with any expenses incurred with the running of the lottery, such as managers' fees (if an external lottery manager has been appointed), they must not comprise more than 80% of the total proceeds of the lottery. Donated prizes would not be counted as part of this 80% (as no money would be withdrawn from the proceeds to cover their purchase), but should still be declared on the return.

LOTTERY MANAGERS

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

Societies employing an unlicensed external lottery manager commit an offence, and they will need to satisfy themselves that any external lottery manager they employ holds a lottery operator's licence issued by the Gambling Commission.

For further information on external lottery managers you can log onto the Commission's website.

EXEMPTIONS

Exempt lotteries are those permitted by the Act to be held without being licensed by the Commission or registered with the Licensing Authority. There are four types of exempt lottery:

INCIDENTAL NON-COMMERCIAL LOTTERIES - An incidental non-commercial lottery is one that is not promoted for private gain and is incidental to a non-commercial event. Examples may include a lottery held at a school fete, or at 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 purposes that are not for private gain. Therefore a fundraising social event with an entrance fee would be non-commercial if the profits went to a society but would be commercial if the profits were retained by the organiser. Limitations for this type of lottery include:-

- the promoters of the lottery may not deduct more than £500 from the proceeds in respect of the cost of 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; and
- tickets must only be sold at the premises during the event, and the result must be made public while the event takes place.

PRIVATE LOTTERIES. There are three types of private lottery that qualify as exempt lotteries:

- **Private society lottery** – these can only be promoted by authorised members of a society, and tickets can only be sold to other members of that same society, or to persons on the society premises. The lottery may only be promoted for a purpose for which the society is conducted, and the society can be any group or society, provided it is not established and conducted for purposes connected to gambling. Examples of this type of lottery would include workings men's clubs or a sports club.
- **Work lottery** – the promoter of the lottery must work on the premises and tickets can only be sold to other people who work on the same premises the lottery must not be run for profit and all the proceeds must be used for prizes or reasonable expenses incurred in organising the lottery. An example of this type could be a sweepstake on the Grand National.
- **Residents lottery** – the promoter of the lottery must reside on a single set of premises and tickets can only be sold to other residents of the same set of premises. The lottery must not be run for profit and all the proceeds must be used for prizes or reasonable expenses incurred in organising the lottery. An example of this type: students halls of residence.

It is a requirement of the Act that no advertisement for a private society, work or residents' lottery may be displayed or distributed except at the society or work premises, or the relevant residence, nor can such advertisements be sent to any other premises.

Rollovers are prohibited in private lotteries.

Private lotteries, including category B3A gaming machines offering lottery games, must comply with conditions set out in part two of schedule 11 of the Act, relating to the price and format of tickets. In summary these are:

- a ticket in a private society lottery may only be sold or supplied by the promoter or another person who is a member of the same society, in a works lottery by the promoter or another person employed on the same premises, or in the case of a residents' lottery by the promoter to another person who resides on the same premises.
- rights conferred by tickets are not transferable and this should be made clear on the lottery tickets.
- each ticket must state the name and address of the promoter or promoters of the lottery and the class of persons to whom the promoter(s) can sell or supply tickets; and
- the price paid for each ticket in a private lottery must be the same, must be shown on tickets, and must be paid to the lottery promoter before any person is given a ticket.
- private lotteries cannot be conducted on vessels.

Customer Lotteries – Customer lotteries are run by the occupiers of business premises, who sell tickets only to customers present on their premises. The Act requires:

- A ticket in a customer lottery may only be sold or supplied by the promoter or by someone on their behalf.
- No advertisement may be displayed or distributed except on the business premises, or sent to any other premises,
- The Lottery may thus only be advertised on the premises on which it is held.
- No ticket may result in the winner receiving a prize worth more than £50.
- No rollovers of prizes between lotteries are permitted.
- Each ticket must state:
the name and address of the promoter of the lottery
the class of persons to whom the promoters can sell/supply tickets
that the rights conferred by the sale/supply of a ticket in a customer lottery are not transferable.
- Customer lotteries may not take place within seven days of another customer lottery promoted on the same business premises.
- Customer lotteries may not be conducted on vessels.

For further information go to the website:

www.gamblingcommission.gov.uk

**Or contact: The Gambling Commission
Berkshire House
168-173 High Holborn
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Or contact: Licensing Authority
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