

Lotteries and the Law Gambling Act 2005



Small Society Lottery Guidance Notes

The new Gambling Act defines a small lottery by breaking it up into two smaller categories.

Society Status – The society in question must be ‘non commercial’

Size of Lottery – the total value of tickets to be put on sale per single lottery must be £20,000 or less, or the aggregate value of tickets to be put on sale for all their lotteries in a calendar year must not exceed £250,000. If you plan to exceed either of these values then you will be classed as a large lottery operator, and must be licensed with the Gambling Commission instead.

The promoting society of a small society lottery must, throughout the period during which the lottery is promoted, be registered with Cannock Chase Council if the principal office is located in our district.

Fees for Small Lottery Registration

Occasion on which a fee may be payable	Fee
Grant	£40.00
Annual Fee	£20.00

A lottery is an arrangement which satisfies the statutory description of either a simple lottery or a complex lottery as per section 14 of the Gambling Act 2005.

A simple lottery is where:

Persons pay to participate
One or more prizes are allocated to one or more members of a class
The prizes are allocated by a process which relies on chance

A complex lottery is where:

Persons are required to pay to take part
One or more prizes are allocated to one or more members of a class
The prizes are allocated by a series of processes
The first of those processes relies on chance

Arrangements that fulfil all of the above criteria of either of the above categories are defined as a lottery under the Act.

A society is defined under Section 19 of the Gambling Act 2005.

A society is classed as such 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
Any other non commercial purpose other than that of private gain.

The society must have been established for one of the permitted purposes, and that the proceeds of any lottery must be devoted to those purposes. It is not permissible to establish a society whose sole purpose is to facilitate lotteries – it must have some other purpose.

SMALL LOTTERIES

A small society is defined in two areas:

Society Status – the society in question must be ‘non commercial’

The size of the lottery – the total value of the tickets to be put on sale per single lottery must be £20,000 or less, or the aggregate value of tickets to be put on sale for all their lotteries in a calendar year must not exceed £250,000.

If the operator plans to exceed either of these values then they will be classed as a large lottery operator and must be licensed with the Gambling Commission.

Limits of Small Society Lotteries

At least 20% of the lottery proceeds must be applied to the purposes of the society

No single prize may be worth more than £25000

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 £25000.

Every ticket in the lottery must cost the same and the ticket fee must cost the same and the ticket fee must be paid to the society (the society must have the payment) before entry into the draw is allowed.

New Introductions by The Gambling Act 2005

It has removed individual limits on percentage of proceeds that may be applied to expenses or prizes. 80% can be deducted for expenses and prizes, 20% is the minimum to go to the purposes of the society or local authority expenditure.

Rollovers are now allowed, between different lotteries with the same promoter as long as the maximum single prize does not exceed £25000 or 10% of the total proceeds.

Ticket sales can now be automated

There is no longer a £2 maximum limit on ticket prices.

What must I do to comply with the new regulations under the Act?

The purpose of permitted lotteries is to raise money for non – commercial causes, so, the new Act requires that a minimum proportion of all money raised by the lottery is channelled back into the goals of the society that promoted the lottery.

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. This is to ensure all monies and takings are accurate and correct percentages of fees are being distributed in the correct way.

The following information must be submitted:

- The arrangements for the lottery – such as the date on which the tickets were made available for sale or supply
- The date of the draw, and the value of prizes including any donated prizes or rollovers
- 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 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
- The amount applied to the purpose for which the promoting society is conducted – which must be at least 20% of the proceeds.

The returns you submit must be:

Sent to Cannock Chase Council no later than 3 months after the date of the lottery draw, or in the case of instant lotteries (scratch cards) within three months of the last date on which tickets were on sale, and,

Signed by two members of the society, who must be aged 18 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 letter or letters of appointment.

Can Cannock Chase Council refuse a Lottery registration?

A registration can be refused on the following grounds –

- If an operating licence held by the applicant for registration has been revoked
- An application for an operating licence made by the applicant for registration has been refused within the past 5 years
- The society involved cannot be seen as 'non-commercial'
- A person who will or may be connected with the promotion of the lottery has been convicted of a relevant offence
- Information on the application is found to be incorrect or misleading.

A society can make representations against a refusal, through a formal hearing or in written form. Reasons are then provided to the society by Cannock Chase Council along with evidence supporting the decision.

If the applicant wants to challenge the decision, they have 21 days to do so, and this will be made to the Magistrates Court.

Regulations regarding lottery tickets

Lotteries can use physical tickets or virtual tickets (which can be texts or email messages)

Under Schedule 11 (36) anyone who buys a ticket must be provided with the following information:

The name of the promoting society

The price of the ticket (each one should be the same price)

The address and name of the society or person responsible for promoting the lottery or the external lottery manager

The date of the draw and the time and place it will happen.

This information can be made available separately should the participant want to see it.

The Act states no one under 16 can purchase a ticket or should not be sold in the street. This includes – bridges, roads, lanes, footways, subways, squares, courts or passages (including shopping precincts / malls)

Tickets are permitted to be sold from kiosks, shops or door to door.

Prizes

Prizes in small society lotteries can be cash or non monetary. The amount of money deducted from the proceeds of the lottery to cover prizes must not exceed the set limits which are – combined with any expenses incurred with the running of the lottery (like managers fees) they must not compromise more than 80% of the total proceeds of the lottery. Donated prizes do not count as they will not have cost money to purchase, but should still be declared on a return form.

Offences which can occur under the Act

- Promoting a non exempt lottery without a licence (s258)
- Facilitating a non exempt lottery without a licence (s259)
- Misusing the profits of a licence (s260)
- Misusing the profits of an exempt lottery (s261)
- Purporting to operate a small lottery when not registered, or failing to make the required, or making false or misleading, returns in respect of such lotteries (s262)
- Without reasonable excuse, obstructing or failing to co-operate with an authorised person exercising his/her powers (s326)
- Without reasonable excuse, giving false or misleading information to the Commission or Cannock Chase Council's Licensing Unit.

Incidental 'non-commercial' lotteries

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.

An event is deemed non commercial if all the money raised (including entrance fees) goes entirely to purposes that are not for private gain. A fundraising event with an entrance fee would be non commercial if all profits went to a society but would be classed as commercial if the profits were retained by the organiser.

The regulations for this are as follows:

- 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.
- Tickets must only be sold at the premises during the event, and the result must be made public while the event takes place.

Annual Fees

To be paid within the period of 2 months which will end immediately before each anniversary of registration.