



## HIGHLAND COUNCIL

### GAMBLING ACT 2005

### SMALL SOCIETY LOTTERIES

#### GUIDANCE NOTES

The Gambling Act 2005 (the Act) made certain changes to the rules governing small society lotteries. The Act gives licensing boards the important regulatory function of registering small society lotteries. It also requires the licensing boards to provide information to the Gambling Commission on lotteries registered with them. These Guidance Notes are intended to help organisations and individuals seeking to operate small society lotteries by providing information on the operation of lotteries, particularly lottery registration, prizes, fees and returns.

Society lotteries are those promoted on behalf of a society which 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.

It is not permissible to establish a society whose sole purpose is to facilitate lotteries – it must have some other purpose. **New applicants for Small Society Lottery Registration will be asked to produce a signed copy of their terms and conditions or constitution to establish that they are a non-commercial society meeting the requirements of the Act.** They may also be asked to provide a declaration stating that they represent a bona fide non-commercial society.

The promoting society of a small society lottery must, throughout the period during which the lottery is promoted, be registered with the licensing board for the area in which the principal office of the society is situated.

**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 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.**

#### **Fees**

The Registration fee is £40 and the Annual Fee for Renewal of Registration is £20. Payment can be made by debit or credit card. All successful applications for registration as a Small Society Lottery will be recorded in a register, and intimated to the Gambling Commission. Registrations are annual and a fee of £20 is due before renewal to continue the registration unless cancelled or revoked.

## Lottery requirements

- at least 20% of the proceeds of the lottery must be applied to the purposes of the society.
- no single prize may exceed £25,000 (whether in money, money's worth, or partly the one and partly the other)
- the arrangements for a small society lottery may include a rollover only if each other lottery which may be affected by the rollover is a small society lottery promoted by or on behalf of the same society and no single prize exceeds £25,000 in money or money's worth as set out in the preceding paragraph
- 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.

## 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). The purchaser of a small society lottery ticket must receive a document which identifies:

- the name of the promoting society;
- the price of the ticket (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; and
- either the date of the draw, or enables the date to be determined.

However, the requirement to provide this information can be satisfied if the participant can retain the message electronically or print it.

The operators of small society lotteries may be required by the licensing board to maintain written records of any unsold and returned tickets for a period of one year from the date of any lottery draw.

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 passages through enclosed premises such as shopping malls); Tickets may be sold from a kiosk, in a shop or door-to-door.

## Prizes

Prizes awarded in small society lotteries can be either cash or non-monetary. The amount of money deducted from the proceeds of the lottery to cover prizes and other expenses must not exceed the limits set out by the Act i.e. not more than 80 per cent of the actual proceeds of a lottery may be used to cover prizes and expenses. Donated prizes are not counted as part of this 80 per cent but should still be declared on the return following the lottery draw. If items containing alcohol are to be awarded as prizes operators are advised to contact the local police in order to ensure that licensing law is not breached.

The total amount of prizes and the expenses incurred with the running of the lottery must not together comprise more than 80 per cent of the total proceeds of the lottery, thus ensuring that at least 20 per cent of the proceeds of the lottery goes to a good cause.

## Returns – what information has to be supplied?

The promoting society of a small society lottery must send to the licensing board with which it is registered the following information, following each lottery held:

- 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 prizes, including any donated prizes and 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;
- 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 (this must be at least 20% of the proceeds).

The return must be:

- sent to the licensing board no later than three 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 (electronic signatures are acceptable if the return is sent electronically) 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.
- retained by the licensing board for a minimum period of three years from the date of the lottery draw for inspection by the Gambling Commission. The return will also be made available for inspection by the general public for a minimum period of 18 months following the date of the lottery draw.

A return may be submitted either electronically or manually.

## Key changes from the Lotteries and Amusements Act 1976

When the 2005 Act came into force on 1st September 2007, existing small lottery registrations under the Lotteries and Amusements Act 1976 were transferred to the 2005 Act. The Lotteries and Amusements Act 1976 was repealed on that date. The 2005 Act introduces some relaxations of lottery law and in particular:

- removes the individual limits on the percentage of proceeds that may be applied to expenses or prizes – although the maximum global amount that can be deducted for expenses and prizes remains at 80 per cent, with a minimum of 20 per cent going to the purposes of the society;
- allows rollovers of prize funds from one lottery to another promoted by the same society, provided the maximum single prize does not exceed £25,000 or ten per cent of the gross proceeds;
- permits the sale of tickets by an automated process; and
- removes the £2 maximum limit on ticket prices

## Further information

The Gambling Commission website has a number of useful guidance documents which can be accessed from the link below

<http://www.gamblingcommission.gov.uk/Gambling-sectors/Lotteries/Lotteries-raffles.aspx>

Please also note that from April 2016 there have been changes to the legislation in relation to exempt lotteries. Below is a link to the details of these changes

<http://www.gamblingcommission.gov.uk/pdf/organising-small-lotteries.pdf>

For further information and assistance please contact Licensing by:

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Or email: [licensing@highland.gov.uk](mailto:licensing@highland.gov.uk)