



## GAMBLING ACT 2005 SCHEDULE 11 EXEMPT LOTTERIES

### GUIDANCE NOTES ON THE REGISTRATION OF A SMALL SOCIETY LOTTERY

These guidance notes refer only to registration of a small society lottery. Please refer to **Lotteries and the Gambling Commission** for further clarification on the different types of lotteries, the licensing and registration of lotteries, and exempt lotteries.

#### DEFINITION

The Act's definition of a small society lottery falls into two distinct areas:

- **Society status** - the society in question must be 'non-commercial'
- **Lottery size** - the total value of tickets for sale per single lottery must not exceed £20,000, or the aggregate value of tickets for sale in all lotteries in a calendar year must not exceed £250,000.

If the operator plans to exceed either of these values, they may need to be licensed with the Commission to operate a large lottery.

#### KEY CHANGES FROM THE LOTTERIES AND AMUSEMENTS ACT 1976

The Act introduces some relaxation of society lottery law and, in particular it:

- removes the individual limits on the percentage of proceeds that may be used for expenses or prizes - although the maximum global amount that can be deducted for expenses and prizes remains at 80%, with a minimum of 20% going to the purposes of the society or to local authority expenditure
- 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 10% of the gross proceeds
- permits the sale of tickets by an automated process
- removes the £2 maximum limit on ticket prices.

#### LIMITS PLACED ON SMALL SOCIETY LOTTERIES

- At least 20% of the lottery proceeds must be applied to the purposes of the society (para 33).
- No single prize can be worth more than £25,000 (para 34).
- 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 (para 35).
- Every lottery ticket must cost the same, and the society must receive payment before entry into the draw is allowed (para 37).

## TICKETS

Lottery tickets may involve the issuing of physical or virtual tickets to participants (ie paper ticket, e-mail or text message). **All** tickets 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 society member designated as having responsibility for promoting small lotteries, or (if there is one) the external lottery manager
- the date of the draw, or information enabling the date to be determined.

The requirement to provide this information for virtual tickets can be satisfied by the participant retaining the message electronically or printing it.

The Gambling Commission recommends that societies maintain written records of any 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 it.

The Act requires that lottery tickets must only be sold by, and to, people over the age of 16.

## RETURNS *(Lottery Return Statement form)*

Under para 39 of Schedule 11, the society must send returns to the licensing authority following each lottery held. The following information must be submitted:

- 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 total proceeds of the lottery
- The amounts deducted by the lottery promoters for prizes, including prizes in accordance with any rollovers
- The amounts deducted by the lottery promoters for costs incurred in organising the lottery
- The amount applied to the purpose for which the promoting society is conducted (this must be at least 20% of the proceeds)
- The amount of any expenses incurred in connection with the lottery not paid from the proceeds, and the sources from which they were paid
- The returns must be sent to the licensing authority within three months of 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
- Returns must be signed (electronic signatures are acceptable) by two members of the society, over 18 years old, appointed for the purpose by the society or its governing body. A copy of their letter or letters of appointment must be included with the return.

## **EXTERNAL LOTTERY MANAGERS**

An external lottery manager can be an individual, or a company appointed by the society to manage a lottery, or lotteries, on their behalf. They are consultants and generally take their fees from the expenses of the lottery.

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.

Societies must consult the register of operating licences held on the Commission's website at [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk) before employing an external lottery manager. It is an offence to employ an unlicensed manager.

## **NEW REGISTRATION**

- To register a new small society lottery, download the form Lottery Registration Application Form and complete as described or ask our Licensing Team for a copy.
- Submit the form to the Council's Licensing Team with the £40 registration fee.
- All new registration applications must be accompanied by a copy of the society's terms and conditions, or their constitution, to establish that they are a non-commercial society.
- All new registration applicants must provide a declaration, stating that they represent a bona-fide non-commercial society.
- A copy of appointment in writing of two members of the society, over the age of 18 years, authorised to sign return statements, or if it has one, its governing body.

## **ADMINISTRATION OF REGISTRATION**

- The Council is required by para 44 of schedule 11 of the Act to record details of the society on a register, which must be made available to the public on request. They must also inform the Gambling Commission of all registrations.
- Once the application for registration has been accepted, the applicant will be notified as soon as practicable.
- Registrations run for an unlimited period, unless cancelled or revoked.
- There will be an annual fee of £20, which must be paid within the two months prior to the anniversary of registration. Renewal notices will be sent to all registered societies.
- The anniversary of any registration will start from the date of registration by the local authority.

## **REFUSAL OF APPLICATION**

Paragraphs 47 and 48 of Schedule 11 of the Act set out the grounds for refusal of registrations. In summary these are:

- An operating licence held by the applicant for registration has been revoked, or an application for an operating licence has been refused within the past five years
- The society in question cannot be deemed non-commercial.
- A person who will, or may be, connected with the promotion of the lottery has been convicted of a relevant offence (as listed at schedule 7 of the Act), or
- Information provided in, or with, the application for registration is found to be false or misleading.

The licensing authority will only refuse an application after the society has had the opportunity to make representations. These can be made at a formal hearing or in writing. Further information on the procedure will be supplied on request.

## **REVOCAION OF REGISTERED STATUS**

A licensing authority may revoke the registration of a society if it thinks they would have had to, or would have been entitled to, refuse an application being made at that time. The same procedure applies as above.

## **APPEALS**

The process of appeal would be sent to the applicant with any decision notice. Any appeal against a decision must be made within 21 days of receipt of the decision notice. This must be made directly to the local magistrates' court.