SMALL LOTTERY REGISTRATIONS
GUIDANCE NOTES

GAMBLING ACT 2005 : SMALL SOCIETIES LOTTERY REGISTRATIONS

The Gambling Act 2005 repeals the Lotteries & Amusements Act 1976. The Local Authority is responsible for the registration of small society lotteries. Large non-commercial society lotteries are administered by the Gambling Commission.

Definition of 'society'

The society must be a non-commercial organisation. Section 19 of the 2005 Act defines a society as non-commercial if it is:

- For charitable purposes (as defined by Section 2 of the Charities Act 2006)
- For the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity; and
- For any other non-commercial purpose other than that of private gain.

The society must have been established for one of the permitted purposes, and 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.

The 2005 Act removes 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%, with a minimum of 20% going to the purposes of the society.

It should be noted that any fees payable to an external lottery manager would be included within the maximum 80% deductions for expenses and prizes.

External lottery managers will also need an operator licence from the Gambling Commission. The 2005 Act 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.

The 2005 Act permits the sale of tickets by an automated process and removes the £2 maximum limit on ticket prices.
**Small society lottery limits under the 2005 Act**

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 society plans to exceed either of these values they cannot be registered by the Local Authority and must be licensed by the Gambling Commission as a large lottery.

Every ticket must cost the same and the society must take payment for the ticket fee before entry to the draw is allowed.

**The application process**

Applications for registration must be in the form prescribed by the Secretary of State. The application form is available from the Licensing Section and this must be accompanied by both the required fee (£40) and any necessary documentation. The form includes a requirement for the applicant to provide a declaration in connection with the application.

Local Authorities are required by Schedule 11 of the 2005 Act to keep a register of small society lottery registrations, and in accordance with the recommendations of the Gambling Commission this will be made available to the public upon request.

The Local Authority also has a duty to notify the Gambling Commission of approved registrations.

**Grounds for refusal**

Paragraphs 47 and 48 of Schedule 11 of the 2005 Act specify the grounds for refusal of a small society lottery registration application.

Grounds for refusal include:-

- Refusal or revocation of an operator licence in the past 5 years.
- Not being a non-commercial society.
- A person connected with the promotion being convicted of a relevant offence, or false or misleading information being given in connection with an application.

A society will be given the opportunity to make representations where the Local Authority is minded to refuse an application. The applicant or society has a right of appeal within 21 days of the determination directly to the local Magistrates’ Court.
Lottery administration and returns

The small society lottery organisation must submit a return to the Licensing Section following each lottery held. This must be done no later than three months after the date of the lottery draw.

The return must be signed by two members of the society (who must be aged 18 or over) who are appointed in writing by the society for that purpose. The return must be accompanied by such a letter of appointment. Returns can be submitted by post or email and a template can be obtained from the Licensing Team.

Please note that returns will be retained by the Local Authority for a minimum period of 3 years and may be inspected by the Gambling Commission within that time or by the public for at least 18 months after the draw.

Lottery tickets

Tickets can be physical or virtual (for example an 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 promoter for the society (or the external lottery manager if there is one) and;

The date of the draw, or information, which enables the date to be determined.

Tickets can only be sold by persons over the age of 16 to persons over the age of 16.

Tickets can be more than £2 each. Every ticket must cost the same and the society must take payment for the ticket fee before entry to the draw is allowed.

Tickets should not be sold in a street, but may be sold from a kiosk, in a shop or door to door.

Prizes

Prizes, combined with any expenses, must not exceed 80% of the total proceeds of the draw. Donated prizes would not be counted towards this 80% limit but should still be declared on the return following the draw.
In accordance with Section 175 of the Licensing Act 2003 minor raffles and tombola’s involving prizes of alcohol are not licensable under the 2003 Act if certain conditions are fulfilled.

For example if the lottery is promoted as an incident of an exempt entertainment and after the deduction of all relevant expenses the whole proceeds of the entertainment including those of the lottery are applied for purposes other than private gain.

The exemption does not apply if any alcoholic prize is not in a sealed container. Any prize in the lottery is a monetary prize. Any ticket or chance in the lottery is sold or issued, or the result of the lottery is declared, other than at the premises where the entertainment takes place.

**Fees payable**

The fee payable with an initial application for registration is £40.

An annual fee of £20 is payable on the anniversary of the grant of the original registration.