



Legal Services

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**GAMBLING ACT 2005
SMALL SOCIETY LOTTERIES**

The **Gambling Act 2005** repealed the Lotteries & Amusements Act 1976 and re-introduced the Local Authority system for registration of small society lotteries (raffles, 100 club type draws etc.). The changes commenced on 01 September 2007.

Definition of a Small Society

The registration will be for the society, or any separate branch of such a society, on whose behalf a lottery is to be promoted. 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.

Key changes from the Lotteries & Amusements Act 1976

Local Authorities were previously responsible for registering small society lotteries under the 1976 Act. There were a number of differences introduced on 01 September 2007.

In brief, 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;
- 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; 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, and 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.

With regards to where small society lottery tickets may be sold, the Gambling Commission recommends that licensing authorities should apply the following criteria to all small society lottery operators that they register:

- 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); and
- tickets may be sold from a kiosk, in a shop or door-to-door. Other small society lottery registration requirements and information

The small society lottery organisation is required to register with the relevant Local Authority in whose area its principal office is situated.

Lottery tickets

- Tickets can be physical or virtual (for example an e-mail or text message).
- All tickets must state:
 - a) the name of the promoting society;
 - b) the price of the ticket (which must be the same for all tickets);
 - c) the name and address of the promoter for the society (or external lottery manager if there is one); and
 - d) the date of the draw, or information which enables the date to be determined.

Note: The requirement to provide this information can be satisfied by enabling the participant to retain it electronically or print it.

- 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 (the previous limit under the 1976 Act). 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 can be either cash or non-monetary.
- 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.

Lottery administration and returns

The small society lottery organisation must submit a return to the Licensing Section **after each draw**. 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.

The return will specify the arrangements for the lottery (dates, prize value, any rollover etc.), the total proceeds of the lottery and amounts deducted for expenses and prizes, the amount applied to the purpose for which the society is conducted (not less than **20%** of the proceeds), and whether any expenses incurred were not paid for by deduction from the proceeds (and any amount of such expenses and sources from which they were paid).

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.

Fees payable

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

The licence lasts for one year.

The annual fee payable for an ongoing registration is £20, and this is payable within the two months before the expiry date of the licence. For the purposes of online renewals this is counted as 60 days. If a renewal fee is not received before the expiry date of the licence it will lapse and a new application, along with the £40 fee, will be required.

Note to societies applying for registration

This application will be refused if, within the period of five years ending with the date of the application:

1. an operating licence held by the society has been revoked under Section 119(1) of the Gambling Act 2005, or
2. an application for an operating licence made by the society has been refused.

The application may be refused if the local authority thinks that:

1. the society is not a non-commercial society,
2. a person who will or may be connected with the promotion of the lottery has been convicted of a relevant offence, or
3. information provided in or with the application is false or misleading.

How to submit your application

You can apply for a small society lottery licence online via the Barnsley Council website (barnsley.gov.uk), searching for "Small society lottery licence".

Alternatively, applications may be submitted by post, with payment being made online or, in exceptional circumstances, via cheque made payable to Barnsley MBC.