

Small Society Lottery – Guidance Notes



1. What is a Lottery?

A Lottery is an arrangement which satisfies statutory descriptions of *either* a **simple lottery** or a **complex lottery**.

An arrangement is a **simple lottery** if:

- Persons are required to pay to participate;
- One or more prizes are allocated to one or more members of a class; and
- The prizes are allocated by a process which relies wholly on chance.

An arrangement is a **complex lottery** if:

- Persons are required to pay to participate;
- One or more prizes are allocated to one or more members of a class;
- The prizes are allocated by a series of processes; and
- The first of those processes relies wholly on chance.

If you have arrangements that fulfil all of the criteria of either of the above categories, they are defined as a lottery under the Act.

2. What is a society?

A society should be one that 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.

It is important that the society is established for one of the above purposes, and that the proceeds of any lottery are for those purposes. It is illegal to establish a society whose sole purpose is to have lotteries – it must have some other purpose.

3. What is a Small Lottery under the Act?

A small society lottery is one that is non-commercial (as above) and one where the total value of tickets to be put on sale per single lottery is £20,000 or less, or the overall value of tickets to be put on sale for all their lotteries in a calendar year does not exceed £250,000.

If the operator plans to be commercial or exceed these values then they 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 be registered with the licensing authority where their principal office is located.

It is possible to promote a lottery without requiring registration, but only for certain types of exempt lotteries and only when the necessary criteria are met. (See No.10). But in most cases, registration will be required.

4. What are the limits placed on small society lotteries?

- At least 20% of the lottery proceeds must be applied to the purpose of the society
- No single prize may be worth more than £25,000;
- 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; and
- Every ticket in the lottery must cost the same and the ticket fee must be paid to the society (ie the society must take payment) before entry into the draw is allowed.

5. Are there many changes between the new Act and the old Lotteries and Amusements Act 1976?

- Although the maximum amount that can be deducted for expenses and prizes remains at 80%, a minimum of 20% of the lottery proceeds must be applied to the purposes of the society or to local authority expenditure;
- Rollovers of prize funds from one lottery to another promoted by the same society are allowed – provided that the maximum single prize does not exceed £25,000 or 10% of the gross proceeds;
- The sale of tickets by an automated process are permitted; and
- The £2.00 maximum limit on ticket prices is removed.

6. What else must I do to comply with the regulations under the Act?

As the purpose of permitted lotteries is to raise money for non-commercial causes, a minimum proportion of the money raised by the lottery must be channelled to the goals of the society that promoted the lottery. The limits (see 4) must be complied with or, consequently, they become liable for prosecution.

Following each lottery held, the promoting society of a small society lottery must send returns to the licensing authority with which it is registered. This information will allow us to assess whether limits are being adhered to and to ensure that any money raised is being applied for the property purpose.

The information that must be submitted within 'a return form' is as follows:

- The arrangements for the lottery – specified 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 returns must also:

- Be sent to us 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
- Be signed (electronic signatures are acceptable if the return is sent electronically) by two members of the society, who must be aged eighteen 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.

7. Can you refuse a Lottery registration?

Yes. An application can be refused for any of the following reasons:

- An operating licence held by the applicant for registration has been revoked or an application for an operating licence made by the applicant for registration has been refused, within the past 5 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
- Information provided in or with the application for registration is found to be false or misleading

However, we may only refuse an application for registration after the society has had the opportunity to make representations against the refusal. These can be taken at a formal hearing or taken via correspondence. We will inform the society of the reasons why we are minded to refuse registration and will provide it with at least an outline of the evidence on which we have reached that preliminary conclusion – in order to enable it to make any representations it sees fit. The applicant or society may decide to make an appeal against the decision. They must lodge an appeal within 21 days of receipt of the notice of the decision, and this must be made directly to the local magistrates' court.

8. Are there any requirements for the tickets I wish to sell or supply?

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).

A 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
- The date of the draw, or enables the date to be determined.

However, the requirement to provide this information can be satisfied by providing an opportunity for the participant to retain the message electronically or print it.

Other requirements relating to the sale of tickets are that:

- They may only be sold by persons aged 16 and over
- They may only be sold to persons aged 16 and over
- They should not be sold in a street, (street including any bridge, road, lane, footway, subway, square, court or passage – including passages through enclosed premises such as shopping malls); however, tickets may be sold from a kiosk, in a shop or door-to-door.

9. Are there any requirements concerning the prizes?

Prizes awarded in small society lotteries can be either cash or non-monetary. However the amount of money deducted from the proceeds of the lottery to cover prizes and any expenses must not comprise more than 80% of the total proceeds of the lottery.

Donated prizes would not be counted as part of this 80% (as no money would be withdrawn from the proceeds to cover their purchase) but should still be declared on the return following the lottery draw (see 6 above).

10. Can I have any lotteries without needing registration?

If you are promoting a lottery like the ones below and you can answer 'yes' to all of the bullet points under the header, then the lottery you wish to promote will be exempt from requiring registration.

If you cannot answer 'yes' to any or all of the bullet points, then you may require registration as a small or large society lottery.

Incidental Non-commercial Lotteries – only exempt from registration if:

- No proceeds from the event will be used for the purposes of private gain.
- The lottery is promoted wholly for a purpose other than that of private gain (ie for a charitable purpose/good cause).
- The promoters of the lottery will not be deducting more than £500 from the proceeds in respect of the cost of prizes.
- The promoters of the lottery will not be deducting 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.
- There will be no lottery rollover.
- Tickets will only be sold during the event and on the premises where the event is being held.
- The results will be made public while the event is taking place.

An example of an incidental non-commercial lottery may include a lottery held at a school fete, or at a social event such as a dinner dance.

Private society lotteries – only exempt from registration if:

- The lottery will only be promoted by authorised members of a society
- Tickets will only be sold to either society members and on the society premises
- The group or society is established and conducted for purposes other than gambling.
- The lottery will be promoted for the purposes for which the society is conducted.
- The lottery will only be advertised on the society's premises.
- Tickets will comply with certain provisions common also to work and resident's lotteries including that they are each of the same price and are non-transferable.
- There will be no rollover.

An example of private society lottery may be one that is limited to members of a working men's club or a sports club, where guests at the club would not be permitted to participate.

Work lotteries – only exempt from registration if:

- The promoters all work on a single set of work premises.
- The tickets are only sold to persons who work on those premises.
- The lottery will be organised to ensure that no profits are made.
- The lottery will only be advertised on the work premises.
- Tickets will comply with certain provisions common also to private and resident's lotteries including that they are each of the same price and are non-transferable.
- There will be no rollover

An example of a work lottery could be a sweepstake on the Grand National amongst work colleagues.

Residents' lotteries – only exempt from registration if:

- The promoters live in a single set of residential premises
- The tickets will only be sold to those who live in the residential premises
- The lottery will only be advertised on the residential premises
- Tickets will comply with certain provisions common also to private and work lotteries including that they are each of the same price and are non-transferable.
- There will be no rollover.

An example of a resident's lottery may be one that is held in student halls of residence for students only.

Customer Lotteries – only exempt from registration if:

- The lottery is promoted by a person who occupies the business premises
- The tickets are only sold by or on behalf of the promoter and only to customers when they are on the business premises.
- The lottery will be organised to ensure that no profits are made.
- The lottery will only be advertised on the business premises.
- All tickets will be of the same price and are non-transferable
- The prizes will not be worth more than £50.00.
- There will be no rollover.
- The draw will not take place within 7 days of a previous draw in the lottery or another customer lottery promoted on the business premises.

An example of a customer lottery may be one held by a local butcher selling or supplying tickets on their own premises to customers only, with an opportunity to win a joint of meat.

Free Draws and Prize Competitions

In relation to free draws and prize competitions, we would recommend that you contact us or the gambling commission for further advice.

11. Who do I need to send my application to and how much is the registration fee?

The Registration fee is **£40.00**. Any cheques should be made payable to 'Newcastle under Lyme Borough Council'.

If you are paying by cheque, send your application to our office:

Licensing Section
Newcastle-under-Lyme Borough Council
Castle House
Barracks Road
Newcastle-under-Lyme
ST5 1BL

Telephone: 01782 717717
E-Mail: licensing@newcastle-staffs.gov.uk

If you are paying by card,

Call us on 01782 717717 to make a payment.

12. Do I have to pay a fee to stay registered?

Yes. You must pay an 'Annual Fee' within the period of two months which ends immediately before each anniversary of the registration. The annual fee is **£20.00**.