

Gambling Act 2005: Small Society Lottery Registrations

The **Gambling Act 2005** repeals the Lotteries & Amusements Act 1976 and re-introduces the Local Authority system for registration of small society lotteries (raffles, 100 club type draws etc). The changes will commence from 01 September 2007. Large non-commercial society lotteries are administered by the Gambling Commission, and not the Local Authority.

1: Definition of 'society'

1.1 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:

(a) for charitable purposes (as defined by section 2 of the Charities Act 2006);

(b) for the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity;
and

(c) for any other non-commercial purpose other than that of private gain.

1.2 The society must have been established for one of the permitted purposes, and the proceeds of any lottery must be devoted to those purposes.

1.3 It is not permissible to establish a society whose sole purpose is to facilitate lotteries – it must have some other purpose.

2: Key changes from the Lotteries & Amusements Act 1976

2.1 Local Authorities are currently responsible for registering small society lotteries under the 1976 Act. There will be a number of differences between the regimes operating before and after 01 September 2007. In brief, the 2005 Act:

(a) 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)

(b) 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;

(c) permits the sale of tickets by an automated process; and

(d) removes the £2 maximum limit on ticket prices.

3: Small society lottery limits under the 2005 Act

3.1 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.

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

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

4: Other small society lottery registration requirements and information

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

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

4.3 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.

4.4 Registrations will run for an unlimited period, unless cancelled. Cancellations will be notified to the Gambling Commission by the Local Authority.

4.5 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 includes 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.

4.6 A society will be given the opportunity to make representations where the Local Authority is minded to refuse an application. This may be via correspondence or a

formal hearing. The applicant or society has a right of appeal within 21 days of the determination directly to the local Magistrates' Court.

5: Lottery administration and returns

5.1 The small society lottery organisation must submit a return to the Licensing Section **after each draw**. This must be done **NOT LATER** than three months after the date of the lottery draw.

5.2 The return must be signed by two members of the society (who must be aged 18 or over) and who are appointed in writing by the society for that purpose. The return must be accompanied by such a letter of appointment.

5.3 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).

5.4 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.

6: Lottery tickets

6.1 Tickets can be physical or virtual (for example an e-mail or text message).

6.2 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 the 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.

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

6.4 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.

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

7: Prizes

7.1 Prizes can be either cash or non-monetary.

7.2 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.

7.3 In accordance with section 175 of the Licensing Act 2003 minor raffles and tombolas involving prizes of alcohol are not licensable under the 2003 Act if certain conditions are fulfilled.

8: Transitional arrangements

8.1 From 01 September 2007 registrations under the Lotteries and Amusements Act 1976 Act will be automatically converted into a registration under the Gambling Act 2005. There will be no re-issued documents for this, but 2005 Act provisions and offences will apply to societies from this date.

8.2 'Renewals' to take effect from 01 January 2008 will be under the 2005 Act and societies need only send the annual fee of £20 to continue their registration. There are no renewal forms to complete as registrations now have no expiry date. However, outstanding 1976 Act return forms should still be submitted as usual.

8.3 Societies applying for a first registration after 01 September 2007 will need to apply for registration under the full terms of the 2005 Act.

8.4 The first annual fee for existing registered societies will become due on 01 January 2008. This **MUST** be paid within 2 months of the due date or else the registration will lapse.

9: Fees payable

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

9.2 The annual fee payable for an ongoing registration is £20, and this is payable within 2 months of the anniversary of the registration **otherwise the registration will lapse**. The first annual registration fee payment for existing registrations becomes due on 01 January 2008.