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# **A Guide to applying for a Small Society Lottery Licence**

## **Gambling Act 2005**

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## **Introduction**

The Gambling Act repeals the Lotteries and Amusements Act 1976. The Licensing Authority will register and administer smaller non-commercial lotteries. Promoting or facilitating a lottery falls into 2 categories:

- Licensed Lotteries – large society lotteries and lotteries run for the benefit of local authorities requiring an Operating Licence from the Gambling Commission; and
- Exempt Lotteries (registered by the Licensing Authority)

There are essentially four types of exempt lotteries:

- Small Society Lotteries
- Incidental Non-Commercial Lotteries
- Private Lotteries
  - Private Society Lottery
  - Work Lottery
  - Residents' Lottery
- Customer Lotteries

## **Definition of a Lottery**

In essence a lottery is an arrangement, which satisfies the statutory description of either a **simple lottery** or a **complex lottery**, under section 14 of the Act.

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.

Arrangements that fulfil all of the criteria of either of the above categories are defined as a lottery under the Act.

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### **Definition of society**

The Licensing Authority will define a “society” as the society or any separate branch of such a society, on whose behalf a lottery is to be promoted. The Act defines a society as such if it is established and conducted:

- for charitable purposes
- for the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity; or
- for any other non-commercial purpose other than that of private gain.

A society must have been established for one of the permitted purposes above, 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.**

### **Licensing Objectives**

There are 3 Licensing Objectives that underpin the Gambling Act:

- Preventing gambling from being a source of crime and disorder, being associated with crime or disorder, or being used to support crime;
- Ensuring that gambling is conducted in a fair and open way; and
- Protecting children and other vulnerable people from being harmed or exploited by gambling.

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## **Registration**

A small society lottery is a lottery promoted on behalf of a non-commercial society, which satisfies certain financial requirements

- A society is non-commercial if it is established and conducted:
  - a) for charitable purposes.
  - b) for the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity; or
  - c) for any other non-commercial purpose other than that of private gain
- A lottery is small if the total value of tickets put on sale in a single lottery is £20,000 or less and the aggregate value of the tickets put on sale in a calendar year is £250,000 or less.
- The promoting society of a small society lottery must, throughout the period during which the lottery is promoted, be registered with a local authority in England and Wales
- The society will be required to be registered with their local authority in the area **where their principal office is located**. If we believe that the society's principal office is situated in another area, we will inform the society as soon as possible and where possible inform that other authority
- Where tickets for a single lottery exceed £20,000 or the aggregate value of tickets in a year exceeds £250,000 a lottery is a large society lottery and a licence will be required from the Gambling Commission.
- As the purpose of permitted lotteries is to raise money for non-commercial causes, the Act requires that a minimum proportion of the money raised by the lottery is channeled to the goals of the society that promoted the lottery. If a small society lottery does not acquiesce with these limits it will be in breach of the Act's provisions, and consequently be liable for prosecution
- The licensing authority with which a small society lottery is required to register must be **in the area where their principal office is located**. If a licensing authority believes that a society's principal office is situated in another area, it should inform the society and the other authority
- The limits placed on small society lotteries are as follows:
  - at least 20% of the lottery proceeds must be applied to the purposes of the society (schedule 11, paragraph 33);
  - no single prize may be worth more than £25,000 (schedule 11, paragraph 34);

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- 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 (schedule 11, paragraph 35); and
  - every ticket in the lottery must cost the same and the ticket fee must be paid to the society (i.e. the society must take payment) before entry into the draw is allowed. (schedule 11, paragraph 37).
- 
- The purpose of permitted lotteries is to raise money for causes that are non-commercial and therefore the Act requires that a minimum proportion of the money raised by the lottery is channeled to the goals of the society that promoted the lottery.
  - If a small society lottery breaches these limits it will be in breach of the Act and will be liable to prosecution.

**Application Procedure/Forms/Documentation**

Applicants will be required to

- To set out the purposes for which the Society is established
- Declaration that they are or represent a bona fide non-commercial society
- Declaration that they have no relevant convictions.

The Licensing Authority may, however, seek further information and in any event, shall consider each case individually

**Fees**

New Application	£40.00
Annual Fee	£20.00

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## **Public Register**

- The Licensing Authority will keep a Public Register of all applications and will provide information to the Gambling Commission on all lotteries it registers. As soon as the entry on the Register is completed, the Licensing Authority will notify the applicant of registration.
- In addition, the Licensing Authority will make available for inspection by the public, the financial statements/returns submitted by Societies in the preceding 18 months and will monitor the cumulative totals for each society to ensure the annual monetary limit is not exceeded.

## **Refusals**

- The Licensing Authority will refuse applications for registration if in the previous 5 years either 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.
- The Licensing Authority may refuse an application for registration if it thinks that:
  - the applicant is not a non-commercial society,
  - a person who will, or may be connected with the promotion of the lottery, has been
  - convicted of a relevant offence, or
  - information provided in or with the application for registration is false or misleading
- Where the Licensing Authority intends to refuse registration of a Society, it will give the Society an opportunity to make representations and will inform the Society of the reasons why it is minded to refuse registration and supply evidence on which it has reached that preliminary conclusion.

## **Revocations**

- The Licensing Authority may revoke the registered status of a Society if it thinks that they would have had to, or would be entitled to, refuse an application for registration as if it were being made at that time.
- No revocations will take place unless the Society has been given the opportunity to make representations. The Licensing Authority will inform the Society of the reasons why it is minded to revoke the registration and will provide an outline of the evidence on which it has reached that preliminary conclusion.

## **Appeals against refusals or revocations of small lotteries**

- The applicant or Registered Society may appeal if the Licensing Authority has rejected or revoked an application for registration.

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- The appeal must be made within 21 days of receipt of the notice of the decision to Scarborough Magistrates' Court, The Law Courts, Northway, Scarborough, YO12 7AE.

## **Returns – What Information has to be supplied?**

The promoting society of a small society lottery must send the following information to the Licensing Authority with which they are registered **following each lottery held no later than three months of the lottery draw**. This information will allow authorities to assess, in particular, whether financial limits are being adhered to and to ensure that any money raised is being applied for the proper purpose. The information that must be submitted is as follows:

- the arrangements for the lottery (including the date on which tickets were available for sale or supply, the dates of any draw and the value of prizes, including 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;
- any amount applied to a purpose for which the promoting society is conducted **(at least 20% of the proceeds)**; and
- 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.

### **The return must:**

- be sent to the licensing authority **no later than three months after the date of the draw** (or the last draw) in the lottery; and
- be signed 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.

The Licensing Authority will accept return information either manually but preferably electronically by e-mailing: [licensing.services@scarborough.gov.uk](mailto:licensing.services@scarborough.gov.uk). Please note the Licensing Authority will monitor the cumulative totals for each Society to ensure the annual monetary limit is not exceeded. Where they are exceeded, the Licensing Authority will inform the Gambling Commission in writing, sending a copy to the Society. Returns forms will be made available for inspection by the general public for a minimum period of 18 months following the date of the lottery draw.

## **External Lottery Manager**

- External Lottery Managers must hold an Operator's Licence issued by the Gambling Commission

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- Societies who employ an unlicensed External Lottery Manager commit an offence and must therefore satisfy themselves that they hold an Operator's Licence.
- Details of all External Lottery Managers registered with the Gambling Commission are available on the Commission's web site and Societies are advised to verify this

## **Tickets**

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). Schedule 11(36) requires that a purchaser of a small society lottery ticket must receive a document, which identifies:

- The name of the promoting society;
- State the price of the ticket, which must be the same for all tickets;
- State the name and address of the member of the society who is designated as having responsibility at the society for the promotion of the lottery, or, if there is one, the external lottery manager; and
- State the date of the draw, or enable the date of the draw to be determined

We require all small society lottery operators to maintain written records of any unsold and returned tickets for a period of one year from the date of the lottery draw. The Act requires that lottery tickets may only be sold by persons over the age of 16 to persons over the age of 16.

## **Unsold/Returned Tickets**

Operators are recommended to keep written records of any unsold and/or returned tickets for a period of one year as the Licensing Authority is permitted to inspect the records of the lottery for any purpose related to the lottery.

## **Prizes**

Prizes awarded in small society lotteries can be either cash or non-monetary. The amount of money deducted from the proceeds of the lottery to cover prizes combined with any expenses incurred with the running of the lottery, such as manager's fees, 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.

We recommend that you should contact the Licensing Authority for further advice if you wish to award items containing alcohol as prizes. This is in order to ensure that licensing laws are not breached.

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## **Specific offences in relation to lotteries**

The Act sets out a number of offences in relation to small society lotteries:

<b>Section</b>	<b>Offence</b>
s. 258	Promoting a non exempt lottery without a licence
s. 259	Facilitating a non exempt lottery without a licence
s. 260	Misusing the profits of a lottery
s. 261	Misusing the profits of an exempt lottery
s. 262	Operating a small society lottery when not registered, or failing to make the required, or making false or misleading returns in respect of such lotteries
s. 326	Without reasonable excuse, obstructing or failing to co-operate with an authorized person exercising his/her powers
s. 342	Without reasonable excuse giving false or misleading information to the Gambling Commission or Licensing Authority

If the licensing authority suspects that there has been an offence committed under the Act they will investigate the circumstances of the lottery. Reasons for an inspection may include:

- Making a late return of a statement or making no returns within a year of registration;
- Failure to pay fees as they become due;
- Reports of sales of lottery tickets to children;
- Reports of society lotteries being held without registration;
- Indications that the society has breached the lottery limits; and
- Reports of misappropriation of funds

## **Exempt Lotteries**

### **Incidental non-commercial lotteries (e.g. lotteries held at school fetes or social events such as dinner dances)**

- An incidental non-commercial lottery is one that is not promoted for private gain and which is incidental to a non-commercial event. An event is non-commercial if all the money raised at the event including entrance fees goes entirely to purposes that are not for private gain. Therefore a fundraising social event with an entrance fee would be non-commercial if the profits went to a society but would be commercial if the organiser retained the profits.
- The promoters of the lottery may not deduct more than the amount prescribed by the Secretary of State from the proceeds in respect of the cost of prizes or expenses, such as the cost of printing tickets, hire of equipment, irrespective of the actual cost.
- The lottery cannot involve a rollover of prizes from one lottery to another.

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- Tickets must be sold at the premises during the event, and the result made public while the event takes place.

**Private lotteries**

There are three types of private lotteries that qualify as exempt lotteries:

- **Private society lottery** – these can only be promoted by authorised members of the society; and tickets can only be sold to other members of that same society, or to persons on the society premises. The lottery may only be promoted for a purpose for which the society is conducted, and the society can be any group or society, provided it is not established and conducted for purposes connected to gambling.
- **Work lottery** – the promoter of the lottery must work on the premises and tickets can only be sold to other people who work on the same premises. The lottery must not be run for profit and all the proceeds must be used for prizes or reasonable expenses incurred in organising the lottery.
- **Residents' lottery** – these must not be run for profit and all the proceeds must be used for prizes or reasonable expenses. The promoter of the lottery must reside on a single set of premises and tickets can only be sold to other residents of the same set of premises. The residency requirement can still be satisfied where the premises are not the sole premises in which a person resides.

It is a requirement of the Act that no advertisement for a private society, work or residents' lottery may be displayed or distributed except at the society or work premises, or the relevant residence, nor sent to any other premises. Rollovers are prohibited in private lotteries.

Private lotteries must comply with conditions set out in schedule 11 of the Act relating to the price and format of tickets. In summary these are:

- A ticket in a private society lottery may only be sold or supplied by the promoter or another person who is a member of the same society, in a works lottery by the promoter or another person employed on the same premises, or in the case of a residents' lottery by the promoter or another person who resides on the same premises.
- Rights conferred by tickets are not transferable and this should be made clear on the lottery tickets
- Each ticket must state the name and address of the promoter or promoters of the lottery and the class of persons to whom the promoter(s) can sell or supply tickets
- The price paid for each ticket in a private lottery must be the same, must be shown on the ticket and must be paid to the promoters of the lottery before any person is given a ticket
- Private lotteries may not be conducted on vessels.

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### **Customer Lotteries**

A customer lottery is a lottery run by the occupiers of business premises, who sell tickets only to customers present on their premises.

The Act requires that in customer lotteries

- Tickets for the lottery can only be sold to a person on the business premises as a customer of the promoter
- The lottery must be arranged to ensure that no profit is made; therefore the proceeds can only be used for reasonable expenses and the provision of prizes
- A ticket in a customer lottery may only be sold or supplied by the promoter or by someone on their behalf
- No advertisement may be –
  - Displayed or distributed except on the business premises;
  - Sent to any other premises;
  - The lottery may thus only be advertised on the premises on which it is held.
  - No ticket may result in the winner receiving a prize worth more than £50.
  - No rollovers of prizes are permitted.
- Each ticket must state:
  - The name and address of the promoter of the lottery
  - The class of persons to whom the promoters can sell or supply tickets
  - That the rights conferred by the sale or supply of a ticket in a customer lottery are not transferable
- The price paid for each ticket in a private lottery must be the same, must be shown on the ticket and must be paid to the promoters of the lottery before any person is given a ticket
- Customer lotteries may not take place within seven days of another customer lottery promoted on the same business premises
- Customer lotteries may not be conducted on vessels



**SCARBOROUGH BOROUGH COUNCIL**

Licensing Services, Town Hall, St Nicholas Street, Scarborough, YO11 2HG

**Application form for Registration of Non-Commercial Society**

**PLEASE READ THE FOLLOWING INSTRUCTIONS FIRST**

**If you are completing this form by hand, please write legibly in block capitals using ink.**

<p>To: The Licensing Authority Scarborough Borough Council Town Hall Scarborough YO11 2HG</p>	 <p><i>A great place to live, work &amp; play</i></p>
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**Section A – Details of Society Applying for Registration**

<p>1. Name of society .....</p> <p>2. Address (including postcode) of office or head office of society ..... ..... ..... .....Post Code:.....</p> <p>3. Telephone number of society.....</p> <p>4. Please state the purpose(s) for which the society is established and conducted ..... ..... ..... ..... .....</p> <p>5. If the society is a registered charity, please give the society's unique charity registration number. .....</p> <p>6. Has the society held an operating licence under the Gambling Act 2005 in the period of five years ending with the date of this application?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
---

7. If the answer to question 6 is 'Yes', has the operating licence been revoked in the period of five years ending with the date of this application?

Yes  No

8. If the answer to question 7 is 'Yes', please state the reasons for revocation and enclose a copy of the notice of revocation if one is available.

.....  
.....  
.....  
.....

9. Has the society applied for and been refused an operating licence in the period of five years ending with the date of this application?

Yes  No

**Section B – General Information about person applying on behalf of society**

10. Name .....

11. Capacity.....

12. Address (including postcode)

.....  
.....  
.....  
.....Post Code .....

13. Daytime telephone number.....

**Section C – Contact details for correspondence associated with this application**

14. Please tick one box as appropriate to indicate address for correspondence in relation to this application:

Address in section A  Address in section B  Address below

Address (including Postcode)

.....  
.....  
.....  
.....Post Code.....

Telephone number.....

Email address (if the applicant is happy for correspondence in relation to this application to be sent via e-mail)

.....

## Section D – Declaration

15. Please complete the following declaration and checklist:

I *[full name]*.....

- a. make this application on behalf of the society referred to in Section A and have authority to act on behalf of that society.
- b. enclose payment of the registration fee of £40.
- c. confirm that, to the best of my knowledge, the information contained in this application is true. I understand that it is an offence under section 342 of the Gambling Act 2005 to give information which is false or misleading in, or in relation to, this application.**

Signature.....

Date.....

Capacity.....

### **Note to societies applying for registration:**

The application will be refused if in the period of five years ending with the date of the application:

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

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

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

FEES	
Registration	£40
Annual Fee	£20



## Gambling Act 2005 - Lottery Returns

**PLEASE READ THE FOLLOWING INSTRUCTIONS FIRST**

**If you are completing this form by hand, please write legibly in block capitals using ink.** This returns form must be sent to the Licensing Authority **no later than three months after the date of every draw** (or the last draw) in the lottery; and be signed 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.

<p>To: The Licensing Authority Scarborough Borough Council Town Hall Scarborough YO11 2HG</p>	 <p><i>A great place to live, work &amp; play</i></p>
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Name of Applicant/Promoter .....

Name of Society .....

I am a Society Registered with Scarborough Borough Council for the purposes of Schedule 1 Regulation 3(1)(a) of the Gambling Act 2005 Hereby state as follows:

Date the Lottery was held: .....

Date tickets were sold: .....

Value of prizes: .....

The whole proceeds of the lottery amounted to: £

Amount deducted in providing prizes (including rollovers): £

Amount deducted in respect of costs incurred: £

Any amount applied to the purpose for which the society is conducted (at least 20% of the proceeds) £

Any expenses incurred not paid for by deduction from the proceeds, if so amount of expenses and source from which they were paid £

.....  
.....

**Please see overleaf**

We, being two members of the said society and persons of full age (over 18) who have been appointed in writing, by the governing body of the said society to certify the return in relation to lotteries conducted for the benefit of said society hereby certify that to the best of our knowledge and belief the information contained in this return is all aspects correct. **We have enclosed a copy of our letter of appointment.**

Signed .....

Print Name .....

Date .....

Signed .....

Print Name .....

Date .....