

Guidance notes



Small society lotteries registration

Updated March 2015

What is a lottery?

A lottery is a kind of gambling that has three elements:

- you have to pay to enter the game
- there is always at least one prize
- prizes are awarded purely on chance

A typical small lottery is a raffle where players buy a ticket with a number on it; the tickets are randomly drawn and those holding the same numbered ticket win a prize. Other versions include tombolas, scratch cards and sweepstakes. Whilst there is no maximum price for a ticket, in each lottery all tickets must cost the same. That way, everyone has the same chance of winning for the same outlay.

Lotteries are regulated by the Gambling Act 2005 and fall into two overall definitions:

A simple lottery where:

- persons are required to pay in order to take part and
- one or more prizes are allocated to one or more participants by a process that relies wholly on chance
- the prizes are allocated by a process which relies wholly on chance

A complex lottery where:

- persons are required to pay in order to take part
- one or more prizes are allocated to one or more of the participants
- prizes are allocated by a series of processes
- the first of those processes relies wholly on chance

Exempt lotteries

Some types of lottery do not require permission, they are:

- private society lotteries,
- work lotteries,
- resident's lotteries
- customer lotteries
- incidental non-commercial lotteries

The Gambling Commission provide advice on running a lottery, the requirements which apply to each type and those which are exempt from registration.

What requirements apply to small society lotteries?

This page provides information solely on Small Society Lotteries, the definition of which is broken down into two distinct areas:

Society status

The society in question must be 'non-commercial' which means it must be established and conducted for at least one of the following purposes:

- for charitable purposes (as defined by Section 2 of the Charities Act 2006), or
- 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

Size of lottery

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 operator plans to exceed either of these values then they will be classed as a large lottery operator, and must be licensed with the Gambling Commission.

Management and operation of a small society lottery

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
- No single prize may be worth more than £25,000, whether in money, money's worth or a mixture of both

- 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
- Every ticket in the lottery must cost the same and the ticket fee must be paid to the society (for example, the society must take payment) before entry into the draw is allowed.

How do I register a small society lottery?

The promoting society of a small lottery (with a principal office located in North Devon) must throughout the period during which the lottery is promoted, be registered with North Devon Council.

Prior to registering applicants should ensure that they have read and comply with the above requirements.

All societies with principal offices in the North Devon Council area wishing to register to promote small lotteries must submit the following:

- application form
- a copy of the society's terms and conditions or constitution signed by the appropriate officers (The Licensing team should be advised of future amendments to this document) and
- the prescribed fee

How long will it take to register?

Providing there are no reasons for refusal North Devon Council will endeavour to process your registration in a period of 10 working days from the receipt of your application. If you have not heard from us within this time, please contact us to ensure that your application was correctly made and received.

If there are no reasons for refusal identified and North Devon Council have been unable to process your application within the above time-scale you will be entitled to carry on your activities as you were registered.

If reasons are identified which could lead to a refusal of your application (see Grounds For Refusal below), the time-scale to determine your application will be increased to allow for representations to be invited and considered.

Lottery 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). 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); there is no maximum price
- 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.

All small society lottery operators North Devon Council registers must maintain written records of any unsold and returned tickets for a period of one year from the date of the lottery draw. The council is permitted to inspect the records of the lottery for any purpose related to the lottery.

Lottery tickets may only be sold by persons over the age of 16 to persons over the age of 16. A person commits an offence if they invite or allow a child to enter a lottery other than certain classes of exempt lottery (for example, incidental non-commercial lotteries, private lotteries, work lotteries and residents' lotteries). Societies running lotteries must have written policies and procedures in place to help prevent and deal with cases of under-age play.

With regards to where small society lottery tickets may be sold, the Council applies the following criteria to all small society lotteries it registers:

- tickets should not be sold in a street, where street includes any bridge, road, lane, foot-way, 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

This approach is consistent with the operating licence conditions imposed upon operators of large lotteries and local authority lotteries.

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 must not exceed the limits set out by the Act (for example, that combined with any expenses incurred with the running of the lottery, such as manager's fees, they 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.

Small society lottery operators should check with local police or the Licensing team should they wish to award items containing alcohol as prizes. This is to ensure that licensing law is not breached.

Returns following each lottery

The lottery return form below must be sent by the registered society to North Devon Council following each lottery held.

This information will allow the council 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.

Returns must:

- be sent to North Devon Council 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.

North Devon Council is required to retain returns for a minimum period of three years from the date of the lottery draw. They will be available for inspection by the general public for a minimum period of 18 months following the date of the lottery draw.

Where societies run more than one small lottery in a calendar year, the council will monitor the cumulative totals of returns to ensure that societies do not breach the annual monetary limit of £250,000 on ticket values.

If returns reveal that society's lotteries have exceeded the values permissible for small society lotteries The Gambling Commission will be notified. The society in question will also be informed. The Gambling Commission will contact the society to determine if they are going to apply for a lottery operator's licence, thereby enabling them to run large society lotteries lawfully, and will inform the licensing authority of the outcome of its exchanges with the society.

Grounds for refusal

North Devon Council will consult the Gambling Commission as part of the application process and shall refuse an application for the following reasons:

- an operating licence held by the applicant for registration has been revoked by the Gambling Commission; or
- an application for an operating licence made by the applicant for registration has been refused by the Gambling Commission, within the past five years.

The council may also refuse an application for registration for any of the following reasons:

- 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 listed in Schedule 7 to the Gambling Act 2005
- information provided in or with the application for registration is found to be false or misleading

North Devon Council may only refuse an application for registration after the society has had the opportunity to make representations. These can be taken at a formal hearing or via correspondence.

The council will inform the society of the reasons why it is minded to refuse registration and provide it with at least an outline of the evidence on which it has reached that preliminary conclusion.

Representations and objections that may result after such a decision will be handled in the same way that the council would handle representations relating to other licensing activity.

Grounds for revocation

North Devon Council may determine to revoke the registration of a society if it thinks that they would have had to, or would be entitled to, refuse an application for registration if it were being made at that time. Revocations cannot take place unless the society has been given an opportunity to make representations at a hearing or via correspondence. Again, in preparation for this North Devon Council will inform the society of the reasons why it is minded to revoke the registration and provide them with the terms of the evidence on which it has reached that preliminary conclusion.

Representations and objections that may result after such a decision will be handled in the same way that the authority would handle representations relating to other licensing activity.

Fees

The fee to accompany an application for registration is £40.

Each year, in order to maintain the registration, an annual fee of £20 will be payable.

The fee for the notification of a change of promoter is £10.50.

Failure to pay this fee is likely to result in the society's registration being cancelled meaning that any lottery activity will be illegal unless and until a new application under the Gambling Act 2005 has been granted.

Notifications

If you wish to change a promoter listed on your registration, please complete and submit a change of promoter form and submit with the accompanying fee (available on the council's website).

If you wish to cancel a registration, please contact us.

If you wish to notify us of any amendments to your society's terms and conditions or constitution, please contact us.

Offences

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 Purporting to operate a small society lottery when not registered, of failing to make the required, or making false or misleading returns in respect of such lotteries.

s.342 Without reasonable excuse, giving false or misleading information to the Gambling Commission or a licensing authority.

A person guilty of an offence under the above shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale (currently £5,000) imprisonment not exceeding 51 weeks, or both.

s.326 Any person found guilty without reasonable excuse of, obstructing or failing to co-

operate with an authorised person exercising his/her powers, shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale (currently £1000).

Appeals

Any appeal against a refusal to grant or the revocation of a registration must be made to:

Barnstaple Magistrates' Court
The Law Courts
The Civic Centre
Barnstaple
Devon
EX31 1DX

Telephone: 01271 340410

The magistrates may either:

- affirm the decision of the licensing authority
- reverse the decision of the licensing authority
- make any other order

Appeals must be made to the magistrates' court within 21 days of receiving notice of the decision.

Consumer complaint

We would always advise that in the event of a complaint, the first contact is made with the trader by you - preferably in the form of a letter (with proof of delivery). If that has not worked, if you are located in the UK, Consumer Direct will give you advice.

Alternatively, you may complain to the council, who will investigate if appropriate and feedback on your behalf - see section below.