



Guidance notes for registering a small society lottery
(Schedule 11 Parts 4 & 5 Gambling Act 2005)

In order to register a society with West Lindsey District Council for the purpose of promoting lotteries, the below criteria needs to be met:

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), 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.

Location of society – the head office (or local branch) of the society would need to be located within West Lindsey District Council’s area.

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 lotteries in a calendar year must not exceed £250,000.

Grounds for Refusal

The Council may 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- an operating licence held by the applicant for registration has been revoked by the Gambling Commission; or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 5 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 Act
- information provided in or with the application for registration is found to be false or misleading.

The 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 taken 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 – in order to enable it to make representations. 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.

Grounds for Revocation

The 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, licensing authorities should 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.

Management and Operation of 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;
- 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 (i.e. the society must take payment) before entry into the draw is allowed.

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

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 - i.e. 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 if they wish to award items containing alcohol as prizes. This is in order to ensure that licensing law is not breached.

Returns

The following information must be sent by the registered society as returns to the 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:

- the arrangements for the lottery – specifically 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).

These Returns must:

- be sent to the 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. The 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.

The Commission must be notified by licensing authorities if returns reveal that society's lotteries have exceeded the values permissible for small society lotteries, and such notifications should be copied to the society in question. The 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.

Making an application

The promoting society of a small lottery must, throughout the period during which the lottery is promoted, be registered with a local authority in whose area their principal office is located. To register a society the following is needed:

- 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 of £40.00.

An annual fee is due each year in order to maintain the registration. The fee of £20 is due **on or before** the expiry date of the registration.