

Notes for Guidance on small society lotteries (registered by the licensing authority)

Societies who run small society lotteries, that is to say lotteries which are not large lotteries (essentially those in which £20,000 worth of tickets, or less, are put on sale and where the society's aggregate proceeds from lotteries do not exceed £250,000 a year) may operate without a Gambling Commission licence provided they register with their local authority.

The purpose of permitted lotteries, as set out in the Act, is to enable societies to raise money for causes that are non-commercial. The small society lottery must be established and conducted for a charitable purpose or for the purpose of enabling participation or support of: sport, athletics, or cultural activities, or for any other non-commercial purpose other than that of private gain. As a result, the Act requires that a minimum amount of the money raised by the lottery is channelled 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.

The limits placed on small society lotteries are as follows:

- A small society lottery must apply at least 20% of the proceeds of the lottery to the purposes of the society.
- The current limits mean that no single prize in a small society lottery may be worth more than £25,000 (whether money or money's worth or a mixture of both).
- Rollovers are only permitted where every lottery affected is also a small society lottery promoted by the same society, and the maximum single prize does not exceed £25,000.
- Every ticket in the lottery must cost the same and the fee must be paid to the society before entry into the draw is allowed.
- Total value of tickets sold in a single lottery is £20,000 or less

Application and Registration

A society must be registered with a local authority throughout the period during which the lottery is promoted. Parts 4 and 5 of Schedule 11 of the Act set out the requirements for societies and licensing authorities as regards registration of small society lotteries.

The society is required to be registered with the local authority in the area where their principal office is located. If the local authority considers that the society's principal office is situated in another area it shall inform the society as soon as possible and also notify the other appropriate local authority.

The application must be in the form prescribed by regulations and will need to be accompanied by the prescribed fee of £40.00.

The licensing authority will record details of the society and keep the details on a register. Whilst this does not have to be a public register, the Gambling Commission have recommended that licensing authorities make the register available to the public on request.

As soon as the registration has been granted by the licensing authority, it must notify the applicant of the registration and inform the Commission accordingly.

The Gambling Commission intends to make available on its website a dedicated webpage for the entry of registrations of small society lotteries by licensing authorities. This is so as to ensure that information can be transferred to the Commission quickly and accurately

Small societies using an external lottery manager

External lottery managers can be an individual, firm or company appointed by the society to manage a lottery or lotteries on behalf of the society. They are consultants and generally take their fees from the expenses of the lottery.

External lottery managers must hold an operator's licence issued by the Commission to manage any lottery including small society lotteries registered with a licensing authority.

Any society which employs an unlicensed external lottery manager commits an offence so societies will need to satisfy themselves that any external lottery manager they wish to employ is licensed by the Gambling Commission. Societies will be able to do this by looking at the register of licences held on the Gambling Commission's website.

Tickets

Lotteries may involve the issuing of physical or virtual tickets to participants. Schedule 11 of the Act requires that all tickets must:

- Identify 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.

"Ticketless" or electronic lotteries must allow the participant to retain the message electronically, or print it.

The Gambling Commission recommends that societies maintain written records of unsold and returned tickets for a period of one year. The licensing authority is permitted to inspect the records of the lottery for any purpose related to the lottery.

Returns

The requirements for information that the society must supply to the local authority with whom they are registered are contained within paragraph 39, Schedule 11 of the Act.

Provision of this information allows the local authority to assess whether the financial limits are being adhered to and to ensure that any money raised is applied for the proper purpose. The information to be submitted is as follows:

- I. 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);
- II. The proceeds of the lottery;
- III. The amounts deducted by the promoters of the lottery in respect of providing prizes, including prizes in accordance with any rollovers;
- IV. The amounts deducted by the promoters of the lottery in respect of costs incurred in organising the lottery;
- V. Any amount applied to a purpose for which the promoting society is conducted (at least 20% of the proceeds); and

VI. 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:

- I. Be sent to the licensing authority by no later than 3 months after the date of the draw (or the last draw) in the lottery; and
- II. Be signed by two members of the society, who must be over the age of 18, 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 must make the returns submitted by societies in the preceding 18 months available for inspection by the public.

The licensing authority may receive numerous returns from some societies and therefore careful monitoring will take place to ensure that the cumulative totals for each society do not exceed the annual monetary limit.

If after receiving a return, the licensing authority is of the opinion that the ticket sales are shown to be above the prescribed limits then they must notify the Gambling Commission in writing and should copy the notification to the society concerned. The Commission will then contact the society to establish whether they are going to apply for a lottery operator's licence which would enable them to run large society lotteries legally. The Commission will inform the licensing authority of the outcome of its exchanges with the society.

Annual fees

Once registered, the society must pay an annual fee of £20 to the registering local authority. This fee must be paid within the period of two months which ends immediately before each anniversary of the registration. If the registered society fails to pay the annual fee, the local authority may cancel the society's registration.

Refusals

Paragraphs 47 and 48 of Schedule 11 of the Act set out the grounds for refusal of registrations. In summary these are:

- I. In the previous five years either an operating licence held by the applicant for registration has been revoked or an application for an operating licence by the applicant has been refused;
- II. The applicant is not a non-commercial society;
- III. A person who will or may be connected with the promotion of the lottery has been convicted of a relevant offence; or
- IV. Information provided in or with the application for registration is false or misleading.

In respect of I above, the Gambling Commission website will maintain details of those people who hold a lottery operating licence. Consideration is currently being given as to whether details can be included of those who have had an operating licence.

Should the licensing authority be concerned that an applicant for registration may have been refused an application for an operating licence; the Gambling Commission will be consulted for further information.

Information concerning the purposes for which the society is established will be requested by the licensing authority. Under the previous registration regime, licensing authorities often required applications for registration to declare that they represented a bona fide non-commercial society and had no relevant convictions. The Gambling

Commission believes that a similar declaration will be required under the new registration arrangements. The licensing authority will wish to consider the particular circumstances of each individual application and may require further information depending upon the nature of the application.

A licensing authority may only refuse an application after the society has had the opportunity to make representations. Licensing authorities will inform the society of the reasons why it is minded to refuse the registration and the evidence it relied upon to reach that preliminary conclusion. Licensing authorities have the discretion to decide how to handle representations but it is considered good practice for those procedures to be made available to applicants.

Revocations

A licensing authority can revoke the registration of a society if it thinks that they would have to, or would be entitled to; refuse an application for registration if it were being made at that time. No revocations can take place unless the society has had an opportunity to make representations and consideration of what procedures shall be put into effect is as outlined in the above paragraph.

Appeals

Paragraph 51 of Schedule 11 of the Act sets out the processes for appeals against refusal or revocation of small society lottery registrations. The applicant or registered society may appeal if the licensing authority has rejected an application for registration or revoked the registration.

The appeal must be made within 21 days of receipt of a notice of the decision and must be made to the local magistrates' court.

On appeal, the magistrates' court may take the following action:

- Affirm the decision of the licensing authority;
- Reverse the decision; or

Make any other order (which may include a transitional provision).

Registration of your society depends on the location of the office of the society.

ONLY SOCIETIES WHOSE HEAD OFFICE IS IN HERTSMERE CAN REGISTER WITH US