

GAMBLING ACT 2005

GUIDANCE NOTES FOR SOCIETIES WISHING TO PROMOTE LOTTERIES

This advice provides a general guide to the main principles and requirements of lotteries law as contained in the Gambling Act 2005 which repeals the Lotteries and Amusements Act 1976. This advice is not comprehensive or a binding interpretation of the law and anyone intending to run a lottery should refer to the Gambling Act 2005. A booklet "Lotteries and the Law (Gambling Act 2005) can also be obtained from the Gambling Commission on their website www.gamblingcommission.gov.uk or 0121 230 6500.

1. Definition of Society

1.1 A society includes any club, institution, organisation or association of persons, by whatever name called and any separate branch or section of such a club, institution, organisation or association. (Names causing confusion with those of other similar organisations should be avoided).

1.2 The Act defines a society as such 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; and
- (c) for any other non-commercial purpose other than that of private gain..

2. Do all Societies promoting lotteries have to register?

2.1 Certain types of lotteries may be promoted without a need to register.

2.2 Incidental non-commercial lotteries

An incidental non-commercial lottery is one that is not promoted for private gain and is incidental to a non-commercial event. Examples may include a lottery held at a school fete, or at a social event such as a dinner dance. An event is deemed 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 profits were retained by the organiser.

2.3 For this type of lottery, part one of schedule 11 of the Act and regulations specify the following:

- (a) the promoters of the lottery may not deduct more than £500 from the proceeds in respect of the cost of prizes;
- (b) the promoters of the lottery may not deduct more than £100 from the proceeds in respect of the cost of other expenses, such as the cost of printing tickets or hire of equipment;
- (c) the lottery cannot involve a rollover of prizes from one lottery to another; and

- (d) tickets must only be sold at the premises during the event and the result must be made public while the event takes place.

2.4 **Private lotteries**

There are three sub-categories of private lottery that qualify as exempt lotteries:

- (a) Private Society Lottery – these can only be promoted by authorised members of a 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. Examples of this type of lottery would include those limited to members of working men's club or a sports club, where the guests at the club would not be permitted to participate. The category B3A gaming machines offering lottery games permitted in members' clubs and miners' welfare institutes under the regulations fall into this category. Use of these machines is limited to people over the age of 18.
- (b) Work Lottery – the promoter of the lottery must work on premises and tickets can only be sold to others who work on the same premises. The lottery must not be run for profit and all proceeds must be used for prizes or reasonable expenses incurred in organising the lottery.
- (c) Residents Lottery – 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 lottery must not be run for profit and all proceeds must be used for prizes or reasonable expenses incurred in organising the lottery.

- 2.5 (a) No advertisement for a private society, work or residents lottery may be displayed or distributed except at the society or work premises or relevant residence, nor can such advertisements be sent to any other premises.
- (b) Rollovers are prohibited.
- (c) Tickets in a private lottery may be sold or supplied only by or on behalf of the promoter.
- (d) Rights conferred by tickets are not transferable and this should be made clear on tickets.
- (e) 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 can sell or supply tickets.
- (f) The price paid for each ticket in a private lottery must be the same, must be shown on tickets and must be paid to the lottery promoter before any person is given a ticket.
- (g) Private lotteries cannot be conducted on vessels.

3. **How does a society register?**

- 3.1 The society must register with the local authority for the area in which the principal premises of the society are located.
- 3.2 If the principal premises are located within the Cheshire West and Chester district, the enclosed application form should be completed and sent to the Licensing Team; Cheshire West and Chester Council, The Portal, Wellington Road, Ellesmere Port CH65 0BA. Telephone number 0300 123 7737 or by email to licensing@cheshirewestandchester.gov.uk
- 3.3 A fee is payable on initial registration. The society must not proceed to promote any lotteries until the Council has registered the Society.
- 3.4 The Council may, after giving the society an opportunity of being heard, refuse registration or revoke an existing registration in certain circumstances. The reason for refusal will be notified to the society, which may appeal to the Magistrates Court if it is not satisfied with the decision
- 3.5 Once the registration has been approved, a fee for continuation of the registration must be paid within the period of two months before the renewal date. If the fee remains unpaid after this date, the registration may be cancelled by the Council.

4. **What are the rules governing the conduct of lotteries?**

- 4.1 (a) The promoter of the lottery must be a member of the society authorised in writing by the governing body of that society to act as its promoter or an external lottery manager employed by the society and licensed by the Gambling Commission; also two other members of the society must be authorised in writing by the governing body of the society to certify lottery returns. The promoter and two members must be persons of full age.
- (b) Every ticket of the lottery distributed or sold must specify the name of the society, the name and address of the promoter, the date of the draw and the price of the ticket. Every ticket distributed or sold in a lottery must also specify the name of the registration authority with which the society is registered.
- (c) Where any information on a ticket or notice or advertisement of a society's lottery refers to any person, who for reward is acting or assisting, or has acted or assisted in the promotion of the lottery, the size of the lettering in such a reference shall not exceed the size of the smallest lettering in the same ticket, notice or advertisement to specify the name of the society on whose behalf the lottery is promoted and the reference shall be afforded no greater prominence than is afforded to the name of the society.
- (d) In the case of tickets concealing information that the ticket is a winning ticket or not, no promoter shall permit a supplier to supply tickets for use in the lottery in such a manner or so marked as to enable a ticket to be identified before it is used in the lottery as a winning ticket.
- (e) There is no maximum limit on the price for a lottery ticket.
- (f) The price of every ticket or chance must be the same; no discount is permitted on quantity.

- (g) No person may be admitted to participate in a lottery in respect of a ticket or chance except after payment to the promoter of the whole price of the ticket or chance and no money received for or on account of a ticket or chance should in any circumstances be returned.
- (h) No payment other than the price of a ticket or chance shall be required of a person as a condition of his admission to participate in a society's lottery.
- (i) No ticket or chance shall be sold by or to anyone under 16 years of age.
- (j) No ticket or chance shall be sold to a person in the street. Tickets may be sold from a kiosk, in a shop or door to door.
- (k) Tickets can be sold by an automated process.
- (l) A record should be kept of any unsold and returned tickets for a period of one year from the date of the lottery draw.

5. **Are there any regulations governing ticket sales and prize money?**

5.1 The Act describes a number of limits on ticket sales and prizes, etc. These are as follows:

- (a) No prize shall be offered on terms that the winning of the prize depends on the purchase of more than one ticket.
- (b) The total value of tickets or chances sold by a society must not exceed £20,000 in respect of any one lottery. A society will be required to register with the Gambling Commission if it puts on sale tickets to the value of which, when added to those sold or to be sold in all earlier lotteries in the same calendar year, amounts to over £250,000.
- (c) No more than 80% of the whole proceeds of a society's lottery may be appropriated for the provision of prizes and expenses. A minimum of 20% must go to the purposes of the society.
- (d) Prizes may be donated to a lottery at a reduced cost or free of charge, but the value of any donated prize must not exceed £25,000.
- (e) The whole proceeds of a society's lottery, after deducting sums lawfully appropriated on account of expenses or prizes, shall be applied to the purposes of the society as stated in the application.
- (f) Prize funds can rollover from one lottery to another promoted by the same society, provided the maximum single prize does not exceed £25000.

6. **Can a society promote a lottery with proceeds in excess of £20,000?**

A society wishing to promote lotteries where the total value of the tickets or chances exceeds £20,000 must register with the Gambling Commission before any tickets or chances are sold. Please visit their website www.gamblingcommission.gov.uk or telephone 0121 230 6500.

7. **What returns are required?**

- 7.1 The promoter of a lottery shall send to the Council not later than the end of the third month after the date of the lottery a return certified by two other members of the society (who must be of full age and appointed in writing by the governing body of the society) which shows:
- (g) the whole proceeds of the lottery;
 - (h) the sums appropriated out of those proceeds for expenses;
 - (i) the sums appropriated out of those proceeds for prizes;
 - (j) the particular purpose or purposes to which the proceeds of the lottery were applied and the amounts allocated to each of those purposes;
 - (k) whether any expenses were met otherwise than out of the proceeds of the lottery and, if so, the amount and source of any sums used to meet them;
 - (l) the dates on which tickets were available for sale and the date of the draw
 - (m) the number and value of any prizes
- 7.2 The return must be accompanied by a copy of the appointment of the two members signing the return. (normally covered by the original application form or If there have been any changes to these two individuals since the original application their appointment should or must of been recorded on an amendments form)
- 7.3 The return will be held by the Council for inspection free of charge by any member of the public during office hours for a period of at least 18 months.
- 7.4 Failure to send a return or knowingly to give or certify false information in a return is an offence.
- 7.5 The Council may require a Society to allow the authority to inspect and take copies of any documents or of any information kept otherwise than in writing (e.g. on a computer), relating to any lottery promoted on behalf of the Society.
- 7.6 It may also require the Society to give the Council such assistance as it may require enabling them to inspect and check the operation of any computer and any associated apparatus or material that is or has been used in connection with the keeping of the information.
- 7.7 When your application to register has been approved, the Council will provide you with a supply of return forms. It is important, bearing in mind the preceding paragraphs, that these are completed promptly and correctly within three months.
- 7.8 Returns for lotteries registered with the Gambling Commission should not be sent to Cheshire West and Chester Council.