



A lottery is the distribution of prizes by chance. People are required to pay in order to participate, and a proportion of the money generated must go to good causes. Last year, large society lotteries generated £141 million, with more than £75 million going to good causes. The remaining money was given out in prizes and used to cover expenses. This shows that lotteries are an important tool in raising money for good causes.

There are several different types of public lotteries in Great Britain:

- Small lotteries: one-off events with prizes up to the value of £250 (non money prizes can be of any value). Small lotteries do not need to register with any statutory body; as a result, there is no official data available
- Private lotteries: not-for-profit lotteries, which may be run within any residential environment, workplace or club. There is also no need for registration with any statutory body
- Societies lotteries: those lotteries with proceeds in a single lottery of over £20,000, or with cumulative annual proceeds of more than £250,000, need to register either with the Gambling Commission or the local authority, depending on the level of their ticket sales
- Local authority lotteries, which are run by and for local authorities, and are required to register with the Gambling Commission
- The National Lottery, which is not regulated by the Gambling Commission

### **Current lottery legislation**

The Gambling Commission regulates lotteries (except small or private charitable lotteries and the National Lottery) under the 1976 Lotteries and Amusements Act, with amendments from the 1993 National Lottery etc Act. There may be further changes to the regulations as a result of the 2005 Gambling Act, which comes fully into force in 2007.

In the meantime, all local authorities wishing to run a lottery must register with the Gambling Commission. So must any society – for example, charities, sporting clubs and cultural bodies – which intends to put on sale tickets or chances in a single lottery to the value of £20,000 or £250,000 in cumulative lotteries in a calendar year. Smaller society lotteries need to register with their local authority. More information can be found in this section under Society and local authority lotteries.

Very small lotteries do not need to register; for more information, see under Small lotteries.

As well as dealing with registration, the Commission also examines the returns and audited accounts of lotteries that sell more than £100,000 of tickets. The Commission also licenses External Lottery Managers (ELMs) who manage lotteries on behalf of registered societies. A

list of these is provided at the end of the Lotteries and the Law document, which can be downloaded from the Society and local authority lotteries section.

### Small Lotteries

Under the current legislation, the Gambling Commission's responsibilities cover large society lotteries and local authority lotteries.

Very small lotteries and private lotteries (such as a lottery at a charity bazaar, or an office sweepstake) are exempt from registration with the Gambling Commission.

If in doubt, potential operators of small lotteries should seek legal advice. **The 1976 Act sets out conditions for exemption, including: an exempt entertainment is a 'bazaar, sale of work, fete, dinner, dance, sporting event...whether limited to one day or extending over two or more days'.**

Section 3 of the 1976 Act gives full details of the relevant conditions; for example, that the proceeds, after expenses, cannot be used for private gain, that no more than £250 can be spent on prizes and that cash prizes are not allowed.

Meanwhile small private lotteries are allowed by members of a society (not connected with gambling) or to people who work or live on the same premises.

Conditions include:

- No deductions are allowed except for printing and stationery;
- The price of entry must be the same, and no adverts are allowed except in the club or society premises, or workplace, or on the tickets;
- Tickets cannot be posted;
- The money raised can be used entirely for prizes and/or to benefit a club fund

For more information, read the advice document Lotteries and the Law.

The council receive regular requests about other lotteries, including innovative schemes such as lotteries involving new technology. Operators intending to create such schemes need to register with the Gambling Commission, but should allow sufficient time for us to investigate what is a complex area of law.