

Running a lottery

including raffles, tombolas,
sweepstakes and more



People have a variety of reasons for wanting to run a lottery. They may want to collect money for a good cause such as a charity or help their local sports club buy some equipment or simply to have some fun by running an office sweepstake.

Whatever the reason – fundraising or just fun – lotteries are a form of gambling and so there is a need for safeguards and other regulations.

These regulations are all set out in the Gambling Act 2005 and are the responsibility of the Gambling Commission, which has issued this leaflet.

We will try to answer some initial questions and help you to decide which type of lottery to go for.

The Gambling Commission does not regulate the National Lottery. The National Lottery Commission regulates all National Lottery products.

What exactly is a lottery?

A lottery is a kind of gambling which has three essential ingredients:

- You have to pay to enter the game
- There is always at least one prize
- Prizes are awarded purely on chance



A typical small-scale 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.

Another version is a sweepstake, for example, where the participants pay to randomly draw the names of a horse in a race. The person who draws the winning horse wins the entry money.

There are other versions too, such as a tombola - often found at a funday or summer fete; or a 100 club which is often a weekly event organised, for members only, by a PTA.

As well as the three elements of a lottery outlined above, they all (with the exception of incidental non-commercial lotteries) have something else in common: while 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. Incidental non-commercial lotteries are the exception to this rule and do not have specific ticket requirements.

Types of lottery under the Gambling Act 2005

For legal reasons, the Gambling Act has created eight categories of lottery, each of which has its own dos and don'ts. Here is a short description of them, together with a table on the back page to answer some initial queries.

These types of lottery require permission, find out more about them in *Promoting society and local authority lotteries* a publication on the Commission website.

Small society lotteries The society in question must be set up for non-commercial purposes eg sports, cultural or charitable. There is a top limit of £20,000 in ticket sales.

Large society lotteries Similar to the small society lottery, but there is a minimum of £20,000 in ticket sales.

Local authority lotteries Run by the local authority, to help with any expenditure it normally incurs.

These types of lottery do not require permission, find out more about them in *Organising small lotteries* a publication on the Commission website.

Private society lotteries Any group or society except those set up for gambling. The proceeds of the lottery must go to the purposes of the society.

Work lotteries These can only be run and played by colleagues at a particular place of work. This type of lottery cannot make a profit, and so is unsuitable for fundraising.

Residents' lotteries These can only be run and played by people living at a particular address. This type of lottery cannot make a profit, and so is unsuitable for fundraising.

Customer lotteries These can only be run by a business, at its own premises and for its own customers. No prize can be more than £50 in value. This type of lottery cannot make a profit, and so is unsuitable for fundraising.

Incidental non-commercial lotteries These are held at non-commercial events, such as school fetes etc. All the sales and the draw must take place during the main event, which may last more than a single day. Prizes cannot total more than £500.



What about the prizes?

Apart from the individual limit in customer lotteries and the overall limit in non-commercial lotteries, there are no restrictions. Prizes in all categories can be monetary or non-monetary; they can be cash, goods or services. Under the licensing laws alcohol must not be awarded to anyone under 18. The police or local authority can give advice on this.

The following refers to the table on the back page

System A

Tickets must show the name of the society and/or the purpose of the lottery, the ticket price, the name and address of the organiser and the date of the draw.

System B

Tickets must show the name and address of the organiser, the ticket price, any restrictions as to who may or may not buy a ticket, and state that the rights created by the ticket are non-transferable.

System C

There are no specific requirements for tickets.

Type of Lottery	Fund raising?	Who can play?	Who can run one?	Limits on time	Limits on place	Can I claim my costs?	Ticket system (See over)
Types of lottery that require permission							
Small Society	Yes, at least 20% of proceeds	Over 16s	Society members or nominated fundraisers	None	Check with licensing authority	Yes, for prizes and expenses. Up to 80% of sales	A
Large Society	Yes, at least 20% of proceeds	Over 16s	Society members or nominated fundraisers	None	Not in public street	Yes, for prizes and expenses. Up to 80% of sales	A
Local Authority	Yes, at least 20% of proceeds	Over 16s	Authority nominees	None	Not in public street	Yes, for prizes and expenses. Up to 80% of sales	C
Types of lottery that do not require permission							
Private Society	Yes	Members or guests on the premises	Society members	One-off. No rollovers	Members or guests must be on premises	Yes, for prizes and reasonable lottery running costs	B
Work	No profit can be made	Employees at a single premises only	Any employees	One-off. No rollovers	No sales or ads off premises. Single premises only	Yes, for prizes and reasonable lottery running costs	B
Residents'	No profit can be made	Residents at a single premises only	Any residents	One-off. No rollovers	No ads off premises	Yes, for prizes and reasonable lottery running costs	B
Customer	No profit can be made	Your customers	Occupier of business premises	7 days between. No rollovers	No sales or ads off premises	Yes, for prizes and reasonable lottery running costs	B
Incidental Non-commercial	Yes	Anyone at the event	Anyone	One-off. Sales only at event	Only at event	£100 max	C