

Raffles, Lotteries and Tombolas

Raffles and draws, which are a normal part of charity fundraising, are in fact forms of lottery. Lotteries are controlled by quite complex laws. Lotteries cannot be run for private or commercial gain and you may need a license or to register with the local authority to run certain lotteries.

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, 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 (www.gamblingcommission.gov.uk).

What exactly is a lottery?

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

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

Raffles

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.

Sweepstake

Another version is sweepstakes, 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.

Others

There are other versions too, such as a tombola - often found at a funday or summer fete; or at a weekly club event organised for members only – where prizes are donated and drawn at random using tickets or a revolving drum.

As well as the three elements of a lottery outlined above, they all (with the exception of incidental non-commercial lotteries, see below) 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.

The income from the tickets must not be used for private gain but you can pay for:

- The prizes
- The tickets
- The expenses of the event

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. See page 2.

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The following three types of lottery require permission:

Small society lotteries

The society in question must be set up for non-commercial purposes such as a charity, sports or cultural club. There is a top limit of £20,000 in ticket sales. Small society lotteries do not require a license but must be registered with the local authority in the area where the principal office of the society is located. For more information visit: www.northtyneside.gov.uk and search 'small society lotteries.'

Large society lotteries

Similar to the small society lottery, but there is a minimum of £20,000 in ticket sales. These lotteries require a license from the Gambling Commission.

Local authority lotteries

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

These types of lottery do not require permission:

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.

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.

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.

Competitions

Any fundraising activity, which includes an element of skill or judgement, is a competition (for example, spot the ball competitions, guess the number of sweets in a jar, or any competition with a tiebreaker, or making up a slogan to decide the winner).

Competitions, unlike lotteries, have no restrictions over amount or types of prizes, who can buy entries, how many tickets can be sold, when and how they can be sold and no need to register.



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For further guidance on competitions see: Prize competitions and free draws: requirements of the Gambling Act 2005 at:

<http://www.gamblingcommission.gov.uk/pdf/Running-prize-competitions-and-free-draws-december-2009.pdf>

For more information and further reading on lotteries:

<http://www.gamblingcommission.gov.uk/Gambling-sectors/Lotteries/Lotteries-raffles.aspx>

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