

Department for Culture, Media and Sport

Draft Regulatory Impact Assessment

1. Title of proposal

Gambling Act 2005 (Small Society Lotteries) (Registration of Non-Commercial Societies) Regulations 2007

2. Purpose and intended effect

Objectives

The draft Order makes provision for the process of registering small society lotteries with the appropriate local authority. In particular, it concerns the following powers contained in Schedule 11 of the Gambling Act 2005 for the Secretary of State to prescribe:

- the form on which an application for registration must be made;
- the fee to accompany the application for registration;
- the annual fee;
- the period within which the first annual fee is to be paid
- information to be included in the register of registrations held by the local authority

Background

The Gambling Act 2005 introduces a new system of regulation for gambling, which will replace the current system of regulation set out in the Betting, Gaming and Lotteries Act 1963, the Gaming Act 1968 and the Lotteries and Amusements Act 1976.

The government has previously announced that the formal implementation date for the Gambling Act 2005 will be 1 September 2007. On this date, the majority of permissions issued under the existing legislation will expire and be replaced by new licences, permits and registrations under the 2005 Act.

Part 5 of Schedule 11 of the Act sets out the mechanisms for application, registration, refusal, revocation, cancellation and appeals in relation to the registration of non-commercial societies. Small Society lotteries are lotteries promoted wholly on behalf of such non-commercial societies (also referred to in Schedule 11 as 'promoting societies'), which are defined in section 19 of the Act. These are essentially societies established for any of the following purposes:

- charitable purposes,
- to enable participation in, or to support, sport, athletics or a cultural activity, or
- for any other non-commercial purpose other than that of private gain.

Small society lotteries are also subject to the limits set out in paragraph 31 of Schedule 11, including the following:

- the proceeds of the individual lottery must not exceed £20,000, and
- the aggregate proceeds of all the society lotteries promoted by that society in a year must not exceed £250,000.

If these limits are exceeded, the lottery becomes a large society lottery and the promoting society will require an operating licence. If the promoting society promotes any other lotteries within three calendar years of promoting a large lottery, all those other lotteries will be treated as large lotteries. At least 20% of the proceeds of a small society lottery must go to a purpose for which the society is conducted, and no single prize may be worth more than £25,000.

Rationale for government intervention

The intention behind these proposals is to ensure that we have in place consistent, light-touch and user-friendly procedures for the registration of small society lotteries which do not place unnecessary burdens on licensing authorities or on the promoters of small society lotteries.

3. Consultation

Within government

DCMS has consulted the Gambling Commission on our proposals.

Public consultation

The proposals here, which concern the registration of small society lotteries, are purely procedural, and in line with proposals on which we have already consulted in relation to premises licensing and other permits to be issued under the Act. These in turn were based on informal consultation with the Department's Premises Licence Working Group, comprising representatives of licensing authorities and the industry. The earlier proposals also drew on a number of presentations given by the Department to LACORS policy fora and working groups.

As with permits proposals, the aim has been to develop practical, user-friendly procedures which strike a balance between the need to be prescriptive, to provide consistency and clarity to licensing authorities, enforcement agencies, the gambling industry and the public, and the need of those same groups for flexibility and proportionate regulation.

The Department also carried out a major fees costing exercise with all licensing authorities in England and Wales during July-September 2006, which informed the proposals in our separate consultation on Premises Licences and Permits Fees. The fees proposed in these draft regulations have been set on the basis of that exercise.

4 Options

Option 1. Do nothing

While some of the powers relating to the registration process are reserve powers, and as such optional, not to use them is likely to result in inconsistency of approach between licensing authorities and a potential increase in administrative costs.

Option 2. Implement regulations

By adopting light touch regulations we will ensure that the process for registering small society lotteries will be administered in a consistent way nationally and that costs for licensing authorities and promoting societies are kept to a minimum.

5 Costs and benefits

Groups affected

There is no centrally held data about how many small society lotteries have equivalent permissions under the existing legislation.

Benefits

The regulations will ensure a straightforward, light-touch application and registration process for small society lotteries, which will keep effort and costs to a minimum both for promoting societies and licensing authorities.

Costs

It is not anticipated that the administrative costs of this process will be significantly higher than under current legislation. The processes for securing registration under the Gambling Act are broadly similar to those which exist under current law.

6 Small firms impact test

These regulations concern the registration of small society lotteries by non-commercial societies, and will not impact on small businesses.

7 Competition Assessment

These regulations will not limit the number of small society lotteries that are allowed to operate. So long as the lottery meets the criteria set out in the Act a local authority must allow it to be registered.

8 Enforcement, sanctions and monitoring

These regulations will require licensing authorities to maintain a register of the promoting societies and small society lotteries which it has registered.

The Gambling Commission will have overall responsibility for monitoring compliance with the requirements of the Gambling Act 2005 from 1 September 2007. The Commission will therefore advise and work closely with licensing authorities in the exercise of their own monitoring and enforcement functions under the Act.

9 Implementation and delivery plan

The Department is compiling guides for industry and licensing authorities about the transfer to the new system of regulation. This includes advice to existing promoters of small society lotteries on how they obtain the equivalent permissions under the new Act.

DCMS is working closely with LACORS, licensing authorities, and key industry bodies in designing the content and layout of application forms. Although administrative in nature all parties attach much importance to ensuring consistency and clarity in these forms.

The Department ensures that the industry is kept informed about these issues through its established industry, community and licensing authority networks. They are updated at all key stages, e.g. results of consultations and when regulations are being laid and brought into effect.

10 Post-implementation review

The registration process for small society lotteries will be monitored through the information maintained in the registers held by the licensing authorities. We will also seek feedback through three key formal mechanisms: the DCMS Industry Liaison Group; the DCMS Premises Licence Working Group; and the LACORS Gambling Reform Policy Forum. These fora comprise key representatives from industry and licensing authorities.

11 Summary and recommendation

Ministers have decided to proceed with bringing in regulations on the registration of small society lotteries with effect from 1 September 2007.

12 Declaration and publication

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs.

Richard Caborn
Minister of State

Date

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