



Proposed changes to National Lottery Funding

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1. Introduction

The Government has announced that it intends to review the current National Lottery funding arrangements. The new Secretary of State for Culture, Olympics, Media and Sport (Jeremy Hunt MP) has outlined proposals for change, and a consultation period of three months. The proposals change the way that money is distributed between the four good causes and reduces the proportion allocated to the Big Lottery Fund.

NCVO will be responding to this DCMS (Department for Culture, Media and Sport) consultation and is inviting views from members to inform this submission. We also encourage members to make their own individual submissions. If you do make a submission, then please send us a copy to inform our thinking.

You can respond to the consultation, which closes on 21 August 2010 by following this link: www.dcms.gov.uk/consultations/7070.aspx

This briefing sets out the proposals and NCVO's initial views. If you have any queries about this briefing, or you wish to feed in your views to NCVO, please contact James Allen on 020 7520 2475 or email james.allen@ncvo-vol.org.uk

2. Background and the proposals

Currently, 50% of money given by the National Lottery for good causes (28 pence in each pound spent) is allocated to the Big Lottery Fund (BIG). The rest of the money goes to heritage, arts and sport (each sector currently receives around 16% of the total).

BIG is required to give at least 60-70% of the money it receives to the voluntary and community sector (VCS) and is committed to giving more when it can. BIG allocated 92% of its funding to the VCS in the most recent year.

Funding from BIG is an important source of income to the VCS with over £526m allocated in 2008/9. We would be concerned at any reduction in this source of funding, particularly when there are potential reductions to government spending and a likely period of slow economic growth, both of which are likely to impact on the financial health of the sector.

NCVO has previously called for 100% of BIG funding to be allocated to the VCS (and this is being proposed as part of this consultation). Whilst BIG is required to give 60-70% of its funding to the VCS, it has actually given much more in practice. The proposed changes will reduce the overall amount of funding that goes from the National Lottery to BIG, but all of that money will now go to the VCS.

As part of this consultation, it is proposed to reduce total National Lottery funding to BIG on a transitional basis from 50% now to 46% in April 2011 and to reduce it further to 40% in April 2012. Whilst 100% of BIG funding will go to the VCS, it's 100% of a smaller amount and we are therefore concerned

that the proposed arrangements would result in a cut to VCS funding in real terms.

The money saved will be re-directed from BIG to heritage, sport and the arts and these sectors will have additional shares of funding (increasing from 16% of the total per sector to 18% in 2011 and 20% in 2012).

NCVO has already had contact with the DCMS on these proposals, who have offered further clarification on the detail of the Secretary of State's announcement. DCMS has told NCVO that it is not the Government's intention to reduce funding to the VCS through these proposals (although we are concerned that this is likely to happen), as the VCS will start to get 100% of BIG funding available and that this should compensate for the change. Ticket sales and revenue, and therefore the amount of money allocated for good causes is currently increasing. In addition, funding currently allocated from BIG to the Olympics will cease from 2012/13. However, it is important to note that the previous government had committed to re-allocating funding which has been temporarily diverted from BIG to the Olympics after 2012 and BIG itself made commitments to protect the VCS as far as possible from the impact of funds being re-directed. The previous government was also committed to ensuring that the VCS would not lose out as a result of this money being diverted, and would be compensated from the proceeds of the sale of land from the Olympics site after 2012.

3. NCVO's view

There are concerns that changes being proposed by Government could result in less funding for the sector. Whilst the Government is proposing that 100% of funding given to BIG is awarded to the VCS, which NCVO has called for, there remain concerns that the real level of funding could be lower. In other words 100% of BIG funding going to the VCS is good news, but it's 100% of a smaller share of overall Lottery funding for good causes. As BIG will have a smaller share of funds, there would not be the same potential to provide financial support above and beyond existing commitments, as outlined above with much higher levels than those required being given to the VCS in practice. Additional revenue and therefore funding through increased ticket sales is welcome, but it does not seem sensible to rely on this as secure and sustainable funding is required for many valuable projects in the VCS.

We will be in discussion with colleagues from across the arts, heritage and sports sectors to explore options which give equitable shares for these sectors and the VCS from National Lottery funds. We are particularly going to be discussing arrangements for VCS organisations in those sectors.

4. Next steps

NCVO is one of the organisations that is being consulted under these proposals, and is seeking your views to inform our consultation response. We also encourage individual organisations to respond separately to the

consultation, by following this link:
www.dcms.gov.uk/consultations/7070.aspx

We would be very grateful to receive copies of consultation responses, which we will use to inform our response.

Our response will focus on the following key areas:

- How these changes might benefit NCVO members and the wider VCS
- In what ways these change would disadvantage member organisations and the wider VCS
- The practical implications of receiving less funding, and the impact that this would have on communities with many projects either being scaled back or not running at all. Evidence and case studies from members would be very useful in this area.
- The Government has expressed an interest in what the impact may be on particular groups, taking into account race, gender, disability, age, faith/belief, sexual orientation, gender identity and socioeconomic equality.

The deadline to respond to the consultation is August 21 2010 and we would like to hear from you by Friday 30 July in order to give us enough time to put a response together which reflects the views of our members.