

# The Postcode Lottery

## How the National Lottery short-changes Britain's industrial communities

Some parts of Britain are missing out on millions of pounds of Lottery funding, whilst others receive much more than their fair share.

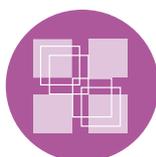
The analysis presented here shows that Britain's industrial areas only receive about 60 per cent of the national average funding per head.

In these hard pressed times, when spending cuts often mean local facilities and services are under threat, this is Lottery money that communities cannot afford to lose.

The Government and the Lottery Distributors need to ensure that all communities get their fair share of funding.

### The findings

- Inequalities in the distribution of Lottery funding mean that the industrial areas of England, Scotland and Wales receive much less per person than the national average
- In the last five years, communities in industrial Britain received only around 60 per cent of the national average per head
- Over the same period, per capita funding to the big cities was two and a half times higher than funding to industrial areas
- After good progress towards a fairer distribution of Lottery funding during the early 2000s, the inequalities have widened once again
- Since the Lottery began, the cumulative loss of funding to Britain's industrial communities has probably been around £3bn, or £200m a year



*Industrial Communities Alliance*



## The issue

The National Lottery is played by large numbers of people across the whole of Britain. It might therefore be expected that the 'good causes' supported by Lottery grants would be spread equitably across all parts of the country. But this is not the case.

Lottery grants are not fairly and evenly distributed between areas. In particular, as the analysis presented here shows, the older industrial areas of England, Scotland and Wales lose out very badly. On a per capita basis they receive much less than the national average and far less than the big cities.

## Why Lottery grants matter

- In the current economic climate, spending cuts mean that many other sources of funding are being reduced or discontinued. Councils are making difficult decisions and local charities and groups are seeing their budgets slashed. Lottery funding can be a way for communities to help deliver the services and facilities that would not otherwise be provided.
- The amount of Lottery funding is increasing. For the last few years, large amounts of Lottery funding have been top-sliced to finance the London Olympics. After 2012 this will no longer be the case. Also, receipts from Lottery games and scratchcards have been rising, meaning that there is a bigger pot available for good causes.

Hard times affect most of the UK, so it is important that all communities are able to access their fair share of Lottery funding.



## Making sense of the numbers

This briefing paper presents new evidence on the distribution of Lottery grants.

The Department for Culture, Media and Sport (DCMS) publishes details of the grants awarded by each of the Lottery Boards, including where each project receiving awards is located. Making sense of the whole of this massive dataset is a major task.

The exploratory exercise presented here looks at the experience in 19 local authority areas spread across the older industrial areas of Britain - ten in England (from five different regions), five in Scotland and four in Wales<sup>1</sup>. The authorities were all selected at the start of the exercise without reference to Lottery data.

Comparisons are also made between these areas and seven major cities<sup>2</sup> (again selected without prior reference to the Lottery data) and the UK average.



<sup>1</sup> Ashfield, Barnsley, Bolsover, Copeland, Dover, North Lincolnshire, Redcar & Cleveland, Sunderland, Wakefield, Wigan, Clackmannanshire, East Ayrshire, Inverclyde, Midlothian, North Lanarkshire, Caerphilly, Flintshire, Neath Port Talbot, Torfaen.

<sup>2</sup> Bristol, Cardiff, Edinburgh, London, Manchester, Newcastle, Nottingham

## The evidence

Between 1995 and 2011 the Lottery awarded £24.2bn in grants to good causes across the UK, equivalent to £399 per head of population.

Over the same period, the Lottery awarded £762m in grants to projects in our sample of 19 authorities across older industrial Britain, equivalent to £252 per head or just 63 per cent of the national average.

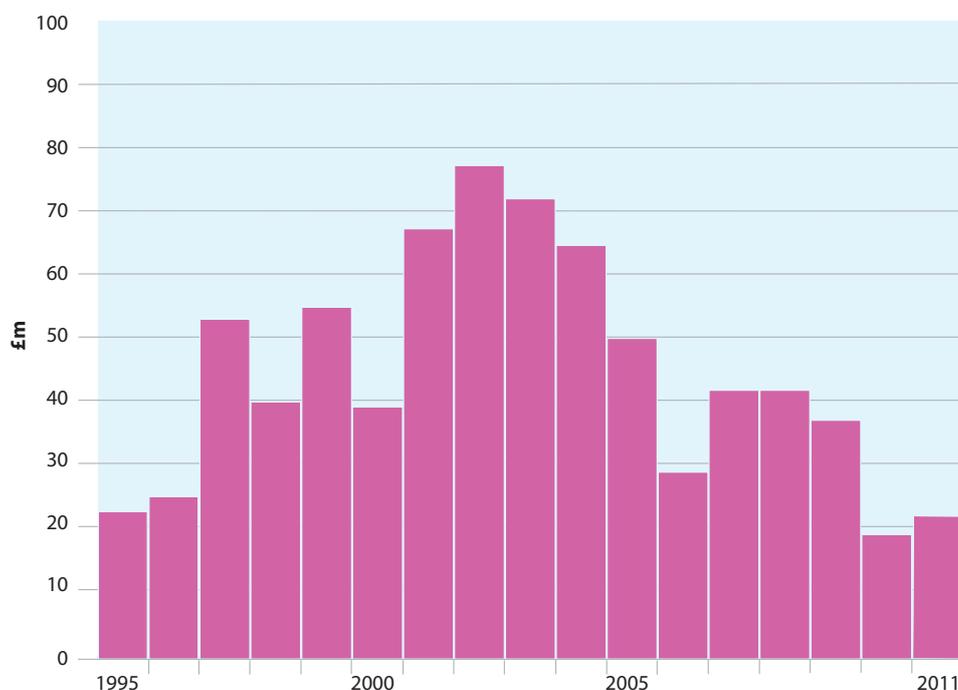
All these figures exclude the money that has been top-sliced from the Lottery to help fund the 2012 Olympics, which has of course been overwhelmingly spent in London.

### *Trends through time*

Figure 1 shows the trend through time in the value of Lottery grants to projects in the 19 authorities in older industrial Britain. The figures bounce around a little from year to year but reveal clear trends:

- After a slow start in the first couple of years, grants to projects in older industrial Britain rose to peak levels in the early 2000s
- Grants to projects in older industrial Britain have subsequently fallen back to the low level of the mid-1990s
- In the last couple of years (2010 and 2011) awards to projects in older industrial areas have fallen to only between a quarter and a third of the peak levels in the early 2000s

Figure 1: Value of Lottery awards to sample of 19 industrial authorities



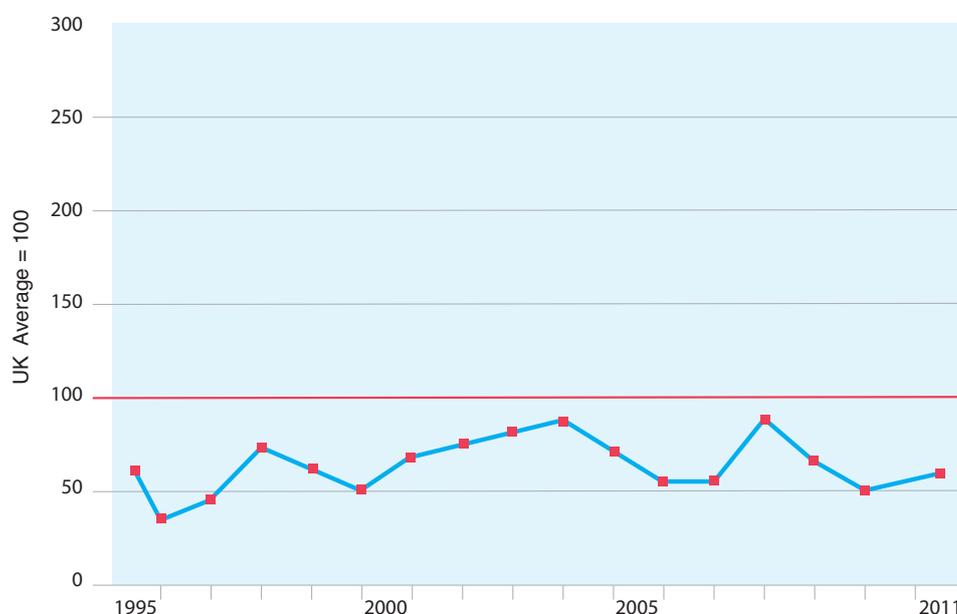
Source: DCMS

## Comparisons with the national average

Figure 2 compares the value of awards in the 19 industrial authorities with the national average. The figures here are on a per capita basis. Again, they reveal an interesting pattern:

- In every year since Lottery grants began, our sample of older industrial areas have received less, per head, than the national average
- Older industrial Britain lost out badly in the early years of the Lottery - between 1995 and 2000 the areas covered here received only just over 50 per cent of the national average funding
- In the early 2000s this share rose to around 80 per cent of the national average, peaking at 89 per cent in 2004
- Older industrial areas' per capita funding has subsequently fallen back: in five of the last six years it has been below 60 per cent of the national average

Figure 2: Value of Lottery awards per head: sample of 19 industrial authorities



Source: DCMs, ONS

The rise and fall of Lottery funding to older industrial Britain is no mere accident. Towards the end of the 1990s ministers latched on to the skewed distribution of Lottery funding across the country and sought a fairer allocation, whilst the Coalfield Communities Campaign led a highly effective campaign to highlight the under-funding of former mining areas. This resulted in structural reform to the Lottery Boards, with greater emphasis on community-based schemes and less on prestige projects, and efforts to simplify the application process.

That the share of grants going to older industrial areas appears to have slipped back again since the mid-2000s probably reflects the absence of recent monitoring and the dissipation of the political impetus of the early 2000s.

The diversion of Lottery funding to the Olympics has nothing to do with the fall: all the figures here exclude the Olympics. If the Olympic funding to London were included, the share of grants going to older industrial Britain would look much worse.

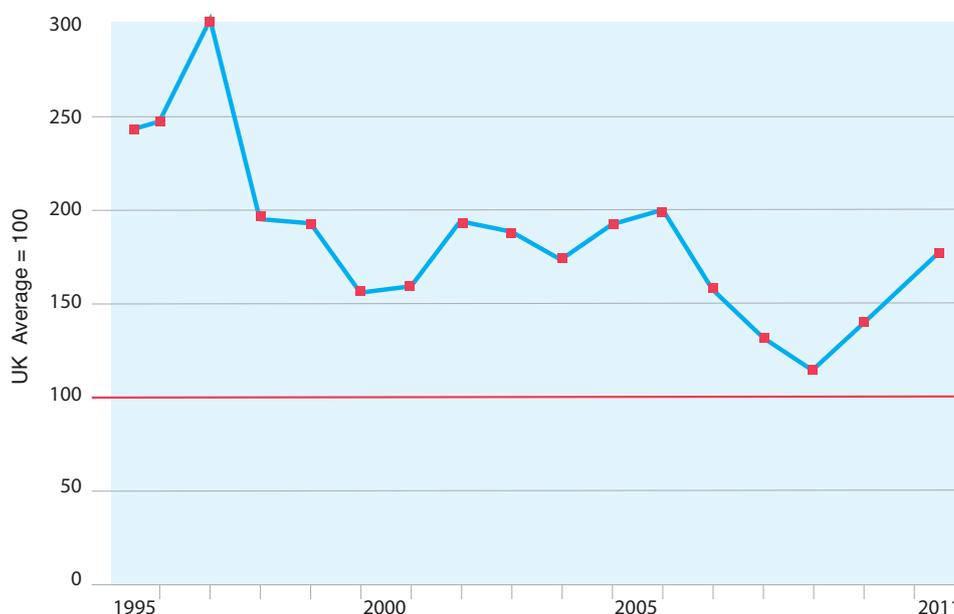
## Comparisons with the big cities

If Britain's older industrial areas have been doing badly out of the Lottery, where have so many of the grants been going?

The answer seems to be the big cities. Figure 3 shows the per capita allocation of Lottery awards to projects in seven big cities.

- In every year since the Lottery began, the seven cities covered here received more on a per capita basis than the national average - sometimes very substantially more
- Between 2006 and 2011, the big cities' per capita funding from the Lottery was on average 50 per cent higher than the national average
- The skew of Lottery funding to the big cities means that between 2006 and 2011 their per capita Lottery funding was two and a half times higher than the equivalent in our sample of older industrial areas.

Figure 3: Value of Lottery awards per head: 7 big cities



Source: DCMS, ONS

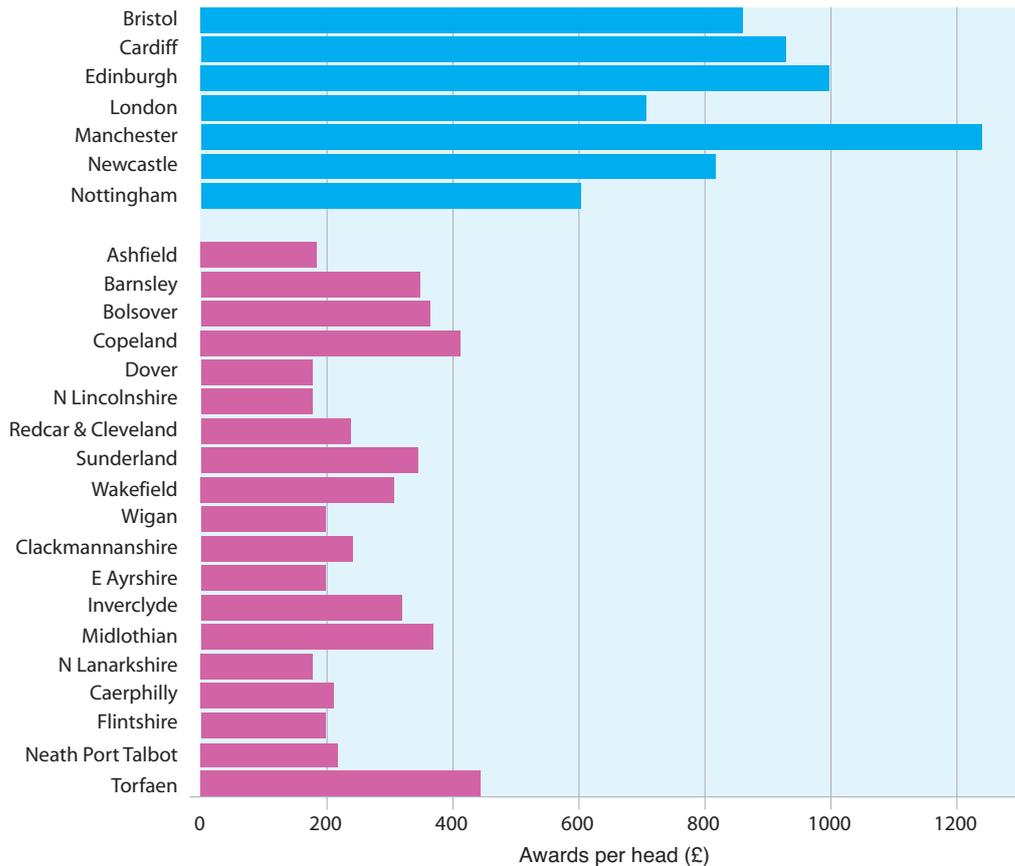
## The differences between places

These disparities in the allocation of Lottery grants are systematic. They are not the result of the exceptionally poor performance of just one or two areas, or of the clustering of Lottery grants in London for example.

As Figure 4 shows, every one of the seven cities covered here has had a higher per capita allocation of Lottery grants than every one of our sample of 19 older industrial areas.

Only two of the 19 older industrial areas have exceeded the national average.

Figure 4: Value of Lottery awards per head, 1995 - 2011



Source: DCMS, ONS

## So how much money is being lost?

Britain's older industrial communities account for around a third of the UK population, mainly but not exclusively in the North, Midlands, Scotland and Wales. If since 1995 they had received a third of Lottery awards, they might therefore have expected around £8bn in grants.

Our sample of 19 authorities, where Lottery awards have averaged just 63 per cent of the national average, suggests that:

- Since 1995 the cumulative loss of funding to older industrial Britain has been around £3bn.

This is the extra money these communities would have received if they had instead received the national average funding.

Looking ahead, the value of Lottery awards can be expected to increase once the diversion of funding to the 2012 Olympics comes to an end.

If the annual value of Lottery awards bounces back to pre-Olympic levels - around £1.6bn a year - and if the awards to Britain's older industrial communities remain stuck at 60 per cent of the national average, the grants to these communities would be £300m a year. Nevertheless, this would represent:

- £200m a year less than would be justified on the basis of industrial Britain's share of the UK population.

## What's gone wrong?

It might be argued that the concentration of Lottery grants in the big cities, and the corresponding small share going to the smaller cities and towns that make up much of older industrial Britain, really doesn't matter because Lottery-funded projects in the big cities are used by people from a much wider area. But this misunderstands the way that Britain works. The better-off may be geographically mobile, living in one place and taking advantage of the facilities in a city elsewhere, but huge numbers of other people, especially the most disadvantaged, remain rooted in the communities where they live. For them, there is no benefit to be gained from a Lottery award to a big city miles away.

It might also be argued that the figures are distorted by the inclusion of projects with administrative addresses in the cities but activities that are spread further afield. There will be an element of this. However, the differences between the big cities and older industrial areas seem far too large to be explained by this factor alone.

The figures presented here do not tell us precisely what has gone wrong, but it is not difficult to speculate:

- Too much Lottery funding has gone to prestige projects, mostly in the big cities
- Too much Lottery funding has gone to art galleries, museums, theatres and opera houses, again in the big cities
- Too much Lottery funding has gone to bricks-and-mortar heritage, and too little to people
- Too little has been devoted to community-based initiatives, spread more evenly across the whole country
- And too little attention is paid to supporting grant applications from the most disadvantaged communities

Unfortunately, at the moment the National Lottery looks like a highly effective mechanism for siphoning off money from ordinary people in Britain's older industrial areas (and elsewhere) to subsidise the pleasures and lifestyle of the urban middle-class.



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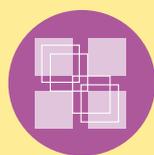
## What needs to be done?

DCMS and the Lottery Boards need to commission a fuller and more comprehensive analysis of the distribution of Lottery grants. The evidence presented here points to clear and systematic unfairness but it also begs a number of further questions:

- Exactly which Lottery Boards are depriving industrial communities of their fair share of funding?
- Can the problem be solved by providing more help to disadvantaged communities, or does it require structural reform?
- And are other parts of Britain missing out in the same way as well?

Better information will highlight the key problems and point the way to improvements in structures, priorities and procedures.

At the same time, all the Lottery Boards should begin to consider how they might deliver a fairer distribution of awards around the country.



### *Industrial Communities Alliance*

*The **Industrial Communities Alliance** was formed in 2007 to represent local authorities in the industrial areas of England, Scotland and Wales.*

*The Alliance brings together two longer-established local authority associations - Coalfield Communities Campaign and SteelAction - together with local authorities from other industrial areas. It builds on ten years' successful collaboration under the banner of the Alliance for Regional Aid and a track record of successful lobbying by its predecessors extending back to the 1980s.*

*The Alliance is an all-party association.*

*The aims of the Alliance are to*

- *articulate the needs of Britain's traditional industrial areas*
- *attract resources for regeneration*
- *press for balanced growth within and between regions*
- *provide a framework for information sharing between member authorities.*

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