



TIME FOR CHANGE

HOW CAN THE NATIONAL LOTTERY BE REFORMED TO MAKE IT MORE ACCOUNTABLE AND EQUITABLE?

Background

The National Lottery is now over 20 years old and there are clear signs that the way Lottery grants are distributed is in need of an overhaul. In particular, the highly uneven distribution of awards across the country is a cause of serious concern, with evidence of systematic bias against certain types of areas and communities.

The Industrial Communities Alliance has documented how Britain's industrial areas receive only around two-thirds of the national average funding per head. As analysis by the Lottery distributors confirms, these stark disparities cannot be explained away by 'national' projects with administrative addresses in the big cities.

The highly uneven distribution of Lottery awards threatens to undermine the goodwill of those who buy Lottery tickets.

A review of how the Lottery operates is long overdue. This briefing puts forward proposals that would make the Lottery more accountable and deliver a fairer share of funding to all communities.

1. Shift the balance of funding towards the Boards – such as Big Lottery – that distribute awards more equitably across the country

The Coalition Government shifted the balance of funding between the main distributing boards. Previously, of every £1 available to the Lottery Distributors the three causes of arts and film, heritage and sports each received 16.7 per cent while the remaining 50 per cent went to charities, education, the environment and health, through the Big Lottery Fund and its predecessors. Now, arts, heritage and sports each receive 20 per cent of the overall pot and the share for Big Lottery Fund is down to 40 per cent.

This shift has exacerbated the inequalities in the distribution of Lottery funding because Big Lottery Fund has the most even geographical spread of awards.



2. Make the Lottery Boards more representative of the types of people and areas they should be serving

At present, the Lottery Boards tend to be filled by people who share the same social and cultural priorities, and a London metropolitan orientation.

The Chair of the Big Lottery Fund, for example, is Peter Ainsworth, a former Conservative MP. The Chair of the Heritage Lottery Fund, Sir Peter Luff, is another former Conservative MP. Arts Council England is chaired by Sir Peter Bazalgette, the former Chair of English National Opera. Sport England is chaired by a lawyer, Nick Bitel, who is also Chief Executive of the London Marathon.

There is no suggestion that Board members are anything other than well-meaning and public-spirited but they are, in effect, a mixture of the great and good from the London chattering classes. There are few from the regions, few ordinary people. Too many Board members have little understanding of the challenges of disadvantaged communities or the dynamics of places outside the big cities.

3. More funding could be allocated through regional boards to ensure that all parts of the country receive a fair share

There will always be some projects or schemes of national significance – the support for top-level athletes for example, or for war veterans to revisit battlefields. But beyond these schemes there is little reason why the remaining funding could not be divided up on the basis of population – or maybe even on the basis of who buys Lottery tickets if the data were made available – and allocated by regional rather than national boards.

At a stroke this would produce a fairer distribution of Lottery funding across the regions and rein in the unreasonably large share of funding that currently goes to prestige projects in London.

4. National programmes with allocations based on transparent and fair criteria have a role to play

Big Lottery presently distributes significant sums through national programmes with specific objectives – to reduce youth unemployment for example (Talent Match), and to boost Lottery take-up in selected neighbourhoods (Big Local). In England, it has also worked alongside the LEPs to align substantial sums with EU funds addressing poverty and social exclusion.

National programmes of this kind should in theory deliver funding to areas of need – often the places that are currently missing out.

5. Bids from disadvantaged communities need facilitation and support

Communities do not always have the social or cultural capital available to help them access Lottery funds, particularly in deprived areas. Lack of support to facilitate bids may be a reason why some types of communities fare less well out the Lottery than others, hence leading to inequalities in distribution.

Lottery bodies are under pressure to keep their administration costs under 5 per cent. Big Lottery administers a greater volume of small grants than the other distributors so the amount it spends on administration is always likely to be higher than the other distributors. At the moment customer service – help and advice for applicants – is included in these administration costs.



It is questionable whether support given to groups should be counted as 'administration costs'. An alternative would be to ring-fence a percentage of the Lottery Boards' money to help harder-to-reach communities access funding.

6. Soliciting bids isn't a good idea when it favours the same old friends and organisations

Big Lottery has the power to invite organisations to submit applications for funding, rather than leaving them to take the initiative and apply through its programmes.

However, concern has been expressed that this favours the 'same old faces' and encourages a London-centric approach – that solicited bids go to people who “move in the right circles, drink in the right bars or attend the right parties”. A danger is that some of the big national and regional charities end up squeezing out local players.

7. Lottery funding should not be used as a substitute for government funding

Lottery funding should be independent of government. It is not a substitute for general taxation or an alternative way of funding government projects.

Lottery funding is distinct from government funding and should add value. It should not be used to substitute for Exchequer spending, even though there are occasions when it might complement government programmes, policies and funding.

Given the current cuts, local authorities are having to draw back on discretionary and core services. There is a danger that Lottery money could be used to fund what were once mainstream council services.

8. There needs to be a proper system of scrutiny to ensure that the Lottery delivers on its objectives – and for all communities

Who scrutinises the Lottery? Whilst the DCMS Select Committee and the Public Accounts Committee do occasionally ask questions of the Lottery Boards and the Boards have to publish annual reports, there is no systematic monitoring of who and where Lottery money is going to. There used to be the Lottery Monitor which published statistical tables. This stopped in 2005. Similarly, the Office for National Statistics has stopped publishing Lottery data. Plenty of data on individual awards is available, but the sheer mass of information obscures broader trends.

There is a good case for the establishment of a People's Panel – or something similar – to scrutinise the Lottery Boards and to hold them to account.

9. Build a stronger bond between the people who play the Lottery and the communities that receive Lottery grants

The probability of playing the National Lottery is a strongly decreasing function of income – that is, the richer you are the less likely you are to play. The Lottery is therefore “a tax on the poor for the patronage of the rich”. The average player lives in a household of below average income, has few formal qualifications and is spending proportionately more on the Lottery than his/her more affluent counterpart.

Camelot refuses to publish data on where Lottery tickets are bought. They argue that this is commercially sensitive information. What the refusal to publish hides is, almost certainly, the uncomfortable truth that the communities that contribute most to the Lottery are receiving the least back in return.

There needs to be far fuller information on who plays the Lottery, as part of a new expectation that the communities where the players live should be among the main beneficiaries of Lottery grants.

10. Consider giving endowments to help with revenue funding

Being given the money to start a new project, build a new facility or buy a new bus is only the beginning. The day-to-day running costs, whether it be for maintenance, caretaking or administration, can be hard to raise in the most challenged communities. Sometimes a project or facility is desperately needed but will never 'wash its face' financially, perhaps because of its relatively isolated location and the size of the community it serves. For example, charging the full market cost for hire of a room might be prohibitive for a Scouts group or Darby and Joan Club.

Where the Lottery is making considerable capital investment in services and facilities that will have on-going running costs, consideration should be given to the viability of the project balanced against need. In the most deprived communities, the Lottery Distributors should consider giving endowments which would be invested to help subsidise the day-to-day running costs to help keep projects open and facilities maintained.

The Industrial Communities Alliance is the all-party association representing more than 60 local authorities in the industrial areas of England, Scotland and Wales.



Industrial Communities Alliance

**Alliance National Secretariat
9 Regent Street, Barnsley, South Yorkshire, S70 2EG
Tel: 01226 200768**

www.industrialcommunitiesalliance.org.uk

