

## **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 (BIG).

NCVO is responding to this DCMS (Department for Culture, Media and Sport) consultation and is inviting views from members to inform this submission. They have also encouraged members to make their own individual submissions and COVER is coordinating its own response from our members across the East of England. This document uses NCVO's briefing note to explain the proposed changes and ends with two questions we'd like you to give us your thoughts on

## **Current situation**

Currently, 50% of money given by the National Lottery for good causes (28 pence in each pound spent) is allocated to 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. In monetary terms this means that £50 in every £100 from the National Lottery is given to BIG and BIG are required to give £30-35 of this is given to the VCS. However, in the most recent year, BIG allocated 92% of its funding to the VCS, the equivalent of BIG giving £46 to the VCS.

## **Proposed changes**

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. 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. In monetary terms this means that £46 out of every £100 would be given to BIG in April 2011, reduced to £40 in April 2012. All of this would then be allocated to the VCS.

In both years the amount given would be more than the current legal requirement. However, as a higher percentage than is mandatory has been awarded in the past, concerns are raised that whilst 100% of BIG funding will go to the VCS, it will

be 100% of a smaller amount and will result in a lower total amount of money going to the VCS, particularly after the proposed 2012 cuts.

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).

### **Other information**

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.

Some people are concerned that that proposed changes could result in lower levels of real funding to the VCS. 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.

### **Next steps**

COVER will be coordinating a response from its members across the East of England. To help us do this we would appreciate it if you could answer the following two questions:

- What would be the practical implications of receiving less funding for your organisation and beneficiaries? Please tell us specific examples of how scaling back, or even stopping projects, would affect the people that you work with
- What might the impact be on particular groups of people that you work with? The Government has expressed an interest in what the impact may be on particular groups based on race, gender, disability, age, faith/belief, sexual orientation, gender identity and socioeconomic equality.