

**EXPLANATORY MEMORANDUM TO**  
**THE APPORTIONMENT OF MONEY IN THE NATIONAL LOTTERY**  
**DISTRIBUTION FUND ORDER 2010**

2010 No. [XXXX]

1. This explanatory memorandum has been prepared by the Department for Culture, Media and Sport and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

2.1 This Order amends the percentage apportionment of money held in the National Lottery Distribution Fund for each of the four good causes specified in section 22(3)(a) to (d) of the National Lottery etc. Act 1993, via a two-stage process during 2011 and 2012. The percentage of money allocated for expenditure on or connected with i) the arts, ii) sport and iii) the national heritage will increase from 16% to 18% each on 1<sup>st</sup> April 2011 and then to 20% each on the 1<sup>st</sup> April 2012. The percentage apportionment of money allocated for prescribed expenditure that is charitable or connected with health, education or the environment will decrease from 50% to 46% on 1<sup>st</sup> April 2011 and then to 40% on 1<sup>st</sup> April 2012.

**3. Matters of special interest to the Joint Committee on Statutory Instruments or the Select Committee on Statutory Instruments**

3.1 None

**4. Legislative Context**

4.1 This change in the percentage apportionment of monies entering the Distribution Fund will fulfil the coalition government's commitment to reform the National Lottery so that more money goes into sport, the arts and heritage by restoring the National Lottery good causes to their original allocations – namely 20% each for the good causes of sport, the national heritage and the arts.

**5. Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

The Minister for Tourism and Heritage has made the following statement regarding Human Rights:

“In my view the provisions of The Apportionment of Money in the National Lottery Distribution Fund Order 2010 are compatible with Convention rights.”

## **7. Policy background**

7.1 Section 22 of the National Lottery etc Act 1993 sets out the four lottery good causes which are expressed in terms of purposes: namely - expenditure on or connected with i) the arts, ii) sport, iii) the national heritage and iv) prescribed expenditure that is charitable or connected with health, education or the environment. This section also sets out the percentage apportionment of money to be allocated to each good cause as it enters the National Lottery Distribution Fund. In the 1993 Act, as originally enacted, the percentages were set at 20% for each of the arts, sport and the national heritage.

7.2 Section 28(1) of the Act allows the Secretary of State to alter the percentages by means of an affirmative resolution Order. The percentages specified in section 22(3) of the National Lottery etc Act 1993 were previously amended by the Apportionment of Money in the National Lottery Distribution Fund Order 1999 (S.I. 1999/344) and the Apportionment of Money in the National Lottery Distribution Fund Order 2000 (S.I. 2000/3356).

7.3 The Coalition Agreement sets out the Coalition Government’s commitment to reform the National Lottery so that more money goes into sport, the arts and heritage. This instrument delivers that commitment by changing the percentage apportionment of the National Lottery good causes back to their original allocation – namely 20% each for the good causes of the arts, sport and the national heritage and 40% for the fourth good cause which is the Big Lottery Fund’s share (namely, prescribed expenditure that is charitable or connected with health, education or the environment).

7.4 The Government has also undertaken to ensure that the amount of National Lottery funding available to the voluntary and community sector is protected. This will be possible by making the change to the percentage apportionment in two stages, in April 2011 and April 2012, and by the Big Lottery Fund focussing its funding on the voluntary and community sector (for which the Government is proposing to issue a specific policy direction to the Big Lottery Fund – this is currently the subject of a separate consultation). The Government expects that once the Olympics transfers come to an end in 2012 there will be more National Lottery funding available for all four of the good causes.

7.5 There has been considerable interest in the Government’s proposal to change the percentage apportionment for the good causes, particularly from organisations and

individuals in or connected with the arts, sport, heritage, voluntary and community sectors.

## **8. Consultation outcome**

8.1 The Government held a public consultation on the proposal and draft Order from 21 May to 21 August 2010. In addition, the Government formally consulted Scottish Ministers.

8.2 A total of 362 responses to the public consultation were received from a variety of organisations in the arts, heritage (including both built and natural environment) and sport sectors and the voluntary and community sectors and from the Lottery distributors, as well as from the devolved administrations in Scotland, Wales and Northern Ireland, local authorities and other statutory bodies, and from individual members of the public and others writing in a personal capacity. Overall, 264 responses (73.2%) supported the Government's proposal, 45 (12.4%) opposed it and 52 (14.4%) did not take a clear position either way

8.3 Many respondents welcomed the prospect of more National Lottery funding for the arts, heritage and sport. Some wanted the change to be implemented in full from April 2011. The Government has considered this, but has concluded that because the Olympic diversion does not end until 2012, it would not be possible to protect voluntary and community sector funding via the Big Lottery Fund unless the preferred option of making the change in two stages over two years is maintained.

8.4 Some respondents were concerned that there would be an adverse impact on many voluntary and community sector organisations. However, the Government believes, as was pointed out by some respondents, that voluntary and community sector organisations should be able to benefit from the additional funding available for the arts, heritage and sport. Moreover, staging the change over two years should help to ensure that funding for the voluntary and community sector that is channelled through the Big Lottery Fund is protected until the Olympic diversion ends in 2012, when the Government expects there to be more National Lottery funding available for all four good causes.

8.5 A full summary of the responses to the consultation, together with the Government's response to the comments made, is available on the Department's website at [www.culture.gov.uk/consultations/7460.aspx](http://www.culture.gov.uk/consultations/7460.aspx).

## **9. Guidance**

9.1 The Department has discussed the implementation of this measure with the National Lottery Distributors. Separate guidance on implementation is not required.

## **10. Impact**

10.1 The impact on business, charities or voluntary bodies is that a greater proportion and amount of funding from the National Lottery will be available for organisations and projects in the arts, heritage and sport sectors. These three good causes will each benefit by around £50 million a year extra as a result of the change. A smaller proportion of funding will be available for organisations and projects via the Big Lottery Fund, although in cash terms the Big Lottery Fund will have more funding available after the end of the Olympic transfers in 2012.

10.2 There is no impact on the public sector.

10.3 An Impact Assessment is attached to this memorandum and will be published alongside the Explanatory Memorandum on the OPSI website.

## **11. Regulating small business**

11.1 The legislation does not apply to small business.

## **12. Monitoring & review**

12.1 The changes to the percentage apportionment for the good causes will lead to more National Lottery funding being allocated to the arts, heritage and sport sectors. In combination with the proposed direction to the Big Lottery Fund and the ending of the Olympic diversions in 2012, the voluntary and community sector will be protected as there will be more National Lottery funding available for all four of the good causes. The Government will review the position in 2013 to ensure that the intended outcomes are being achieved.

## **13. Contact**

Chris Atkins at the Department for Culture, Media and Sport, tel: 020 7211 6375 or email: [chris.atkins@culture.gsi.gov.uk](mailto:chris.atkins@culture.gsi.gov.uk) can answer any queries regarding the instrument.



<b>Title:</b> <b>The Apportionment of Money in the National Lottery Distribution Fund Order 2010</b> <b>Lead department or agency:</b> DCMS <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>
	<b>IA No:</b> DCMS 002
	<b>Date:</b> October 2010
	<b>Stage:</b> Final
	<b>Source of intervention:</b> Domestic
	<b>Type of measure:</b> Secondary legislation
<b>Contact for enquiries:</b> Chris Atkins 020 7211 6375	

### Summary: Intervention and Options

**What is the problem under consideration? Why is government intervention necessary?**

The shares of National Lottery funding allocated to the arts, heritage and sport were reduced from 20% each to 16.66% each in 1998 to help fund additional projects in health, education and the environment. The Government believes that some of the health, education and environment funding has been used for projects which should have been funded by statutory bodies rather than the Lottery, in effect reducing the amount of funding available for the arts, heritage and sport. "The Coalition: Our Programme for Government" states that the Government will reform the National Lottery so that more money goes into sport, the arts and heritage. The Government believes that vibrant cultural, media and sporting sectors are crucial for our well-being and quality of life.

**What are the policy objectives and the intended effects?**

To restore the Lottery good causes of sport, arts and heritage to their original shares of 20% each of the National Lottery Distribution Fund, resulting in more Lottery money going to projects in these good causes. The Government wishes to focus the Lottery on its original causes. The Government also wants to ensure that the levels of funding to the voluntary and community sector through Big Lottery Fund are protected.

**What policy options have been considered? Please justify preferred option (further details in Evidence Base)**

- i) Do nothing. Arts, heritage and sport could not benefit additionally as Government has proposed.
- ii) Make the change as part of primary legislation, but that would delay its implementation and the Government wants to see the change happen as soon as possible.
- iii) Secondary legislation (needed to make this change sooner, under the terms of the legislation) with the change implemented on 1 April 2011.
- iv) As in (iii) but with the change staged. From 1 April 2011, the shares for arts, heritage and sport would each increase to 18%, and the Big Lottery Fund share would be reduced to 46%. From 1 April 2012, the shares for arts, heritage and sport would each increase to 20%, with the Big Lottery Fund reduced to 40%. This is the preferred option. The Government believes it will enable funding to the voluntary and community sector through the Big Lottery Fund to be protected, while ensuring that the additional benefits to arts, heritage and sport are not delayed.
- v) As in (iii) but delaying the change until 1 April 2012.

**When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?**

It will be reviewed after a year

**Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?**

Yes

**Ministerial Sign-off** For final stage Impact Assessments:

***I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the selected option.***

Signed by the responsible Minister: Mr John Penrose MP.....

Date:13/10/10

## Summary: Analysis and Evidence

### Description:

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate:
<b>COSTS (£m)</b>	<b>Total Transition</b> (Constant Price) Year		<b>Average Annual</b> (excl. Transition) (Constant Price)		<b>Total Cost</b> (Present Value)
Low	Optional		Optional		<b>Optional</b>
High	Optional		Optional		<b>Optional</b>
Best Estimate	None		None		<b>None</b>
<b>Description and scale of key monetised costs by 'main affected groups'</b>					
There are no costs associated with this proposal. It is simply a redistribution of funds from the good cause of health, education, environment and charitable expenditure to the good causes of arts, heritage and sport. The voluntary and community sector funding in the good cause of health, education, environment					
<b>Other key non-monetised costs by 'main affected groups'</b>					
None.					
<b>BENEFITS (£m)</b>	<b>Total Transition</b> (Constant Price) Year		<b>Average Annual</b> (excl. Transition) (Constant Price)		<b>Total Benefit</b> (Present Value)
Low	Optional		Optional		<b>Optional</b>
High	Optional		Optional		<b>Optional</b>
Best Estimate	-		-		<b>-</b>
<b>Description and scale of key monetised benefits by 'main affected groups'</b>					
This is merely a redistribution of funds, although organisations in the arts, heritage and sport sectors can expect to benefit by around £50 million a year in respect of each good cause (total £150 million extra a year).					
<b>Other key non-monetised benefits by 'main affected groups'</b>					
It will be possible to support additional arts, heritage and sport projects each year and the voluntary and community sector will benefit from this.					
<b>Key assumptions/sensitivities/risks</b>					<b>Discount rate (%)</b>
It is the Government's policy intention that the voluntary and community sector (VCS) should be protected, hence it proposes, additionally, that the Big Lottery Fund should focus its funding on the voluntary and community sector in future. Funding decisions are made by the Lottery distributors acting independently of Government. A projection of £1.5 billion a year Lottery good causes income for each of the next five years is assumed but actual income is dependent on the sale of Lottery tickets and investment income to the National Lottery Distribution Fund.					
<b>Impact on admin burden (AB) (£m):</b>			<b>Impact on policy cost savings (£m):</b>		<b>In scope</b>
New AB: Nil	AB savings: Nil	Net: Nil	Policy cost savings: Nil		No

## Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	United Kingdom				
From what date will the policy be implemented?	01/04/2011				
Which organisation(s) will enforce the policy?	DCMS				
What is the annual change in enforcement cost (£m)?	Nil				
Does enforcement comply with Hampton principles?	N/A				
Does implementation go beyond minimum EU requirements?	N/A				
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	<b>Traded:</b> No change		<b>Non-traded:</b> No change		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	<b>Costs:</b> Nil		<b>Benefits:</b> Nil		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	<b>Micro</b> Nil	<b>&lt; 20</b> Nil	<b>Small</b> Nil	<b>Medium</b> Nil	<b>Large</b> Nil
Are any of these organisations exempt?	N/A	N/A	N/A	N/A	N/A

### Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
<b>Statutory equality duties</b> <sup>1</sup> <a href="#">Statutory Equality Duties Impact Test guidance</a>	Yes	10
<b>Economic impacts</b>		
Competition <a href="#">Competition Assessment Impact Test guidance</a>	No	
Small firms <a href="#">Small Firms Impact Test guidance</a>	No	
<b>Environmental impacts</b>		
Greenhouse gas assessment <a href="#">Greenhouse Gas Assessment Impact Test guidance</a>	No	
Wider environmental issues <a href="#">Wider Environmental Issues Impact Test guidance</a>	No	
<b>Social impacts</b>		
Health and well-being <a href="#">Health and Well-being Impact Test guidance</a>	No	
Human rights <a href="#">Human Rights Impact Test guidance</a>	No	
Justice system <a href="#">Justice Impact Test guidance</a>	No	
Rural proofing <a href="#">Rural Proofing Impact Test guidance</a>	No	
<b>Sustainable development</b> <a href="#">Sustainable Development Impact Test guidance</a>	No	

<sup>1</sup> Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.



## Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

## References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

No.	Legislation or publication
1	National Lottery Act 1993 - <a href="http://www.opsi.gov.uk/acts/acts1993/ukpga_19930039_en_1">http://www.opsi.gov.uk/acts/acts1993/ukpga_19930039_en_1</a>
2	National Lottery Act 1998 - <a href="http://www.opsi.gov.uk/acts/acts1998/ukpga_19980022_en_1">http://www.opsi.gov.uk/acts/acts1998/ukpga_19980022_en_1</a>
3	The Apportionment of Money in the National Lottery Distribution Fund Order 1999 (S.I. 1999/344) - <a href="http://www.opsi.gov.uk/si/si1999/uksi_19990344_en">http://www.opsi.gov.uk/si/si1999/uksi_19990344_en</a>
4	The Apportionment of Money in the National Lottery Distribution Fund Order 2000 (S.I. 2000/3356) – <a href="http://www.opsi.gov.uk/si/si2000/uksi_20003356_en">http://www.opsi.gov.uk/si/si2000/uksi_20003356_en</a>
5	National Lottery Act 2006 - <a href="http://www.opsi.gov.uk/acts/acts2006/ukpga_20060023_en_1">http://www.opsi.gov.uk/acts/acts2006/ukpga_20060023_en_1</a>
6	The Coalition: Our Programme for Government (page 14) <a href="http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_187876.pdf">http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_187876.pdf</a>
7	Public consultation on the draft Order – <a href="http://www.culture.gov.uk/consultations/7070.aspx">http://www.culture.gov.uk/consultations/7070.aspx</a>
8	Responses to the consultation, including summary report and Government response – <a href="http://www.culture.gov.uk/consultations/7460.aspx">www.culture.gov.uk/consultations/7460.aspx</a>

+ Add another row

## Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

### Annual profile of monetised costs and benefits\* - (£m) constant prices

	Y <sub>0</sub>	Y <sub>1</sub>	Y <sub>2</sub>	Y <sub>3</sub>	Y <sub>4</sub>	Y <sub>5</sub>	Y <sub>6</sub>	Y <sub>7</sub>	Y <sub>8</sub>	Y <sub>9</sub>
<b>Transition costs</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Annual recurring cost</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Total annual costs</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Transition benefits</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Annual recurring benefits</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total annual benefits</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

\* For non-monetised benefits please see summary pages and main evidence base section

## **Evidence Base (for summary sheets)**

### **Problem under consideration**

1. The Government set up the National Lottery in 1994 with the intention that it should fund expenditure concerned with the arts, the national heritage, sport and charities. In the case of the arts, heritage and sport, it was considered that Government support could not be expected to provide the level of funding deemed appropriate, particularly, at that time, for capital projects. The shares of the Lottery for the arts, heritage and sport were initially set at 20% each. They were reduced to 16.66% in 1998 to help fund additional projects in health, education and the environment. There was no evidence of any detrimental impact at the time as Lottery income was rising. The Government now wishes to restore the National Lottery to its original purpose and for the good causes of sport, heritage and the arts to have their original allocations of 20% of good cause money restored so that these sectors can receive the additional funding that was originally intended for them.

### **Rationale for intervention**

2. The Government believes that a vibrant cultural, media and sporting sector is crucial to our well-being and quality of life. Lottery funding through arts, heritage and sport has increasingly benefitted local community and voluntary groups over the years, and the proposed changes would further this, including such things as increased participation in legacy of major sporting events such as the Olympics. The change to the good cause shares can only be made by Government. Without secondary legislation, no increase to the percentage of Lottery funding going to arts, heritage and sport can be made.

### **Policy objective**

3. 20% of Lottery good causes funding to go to each of the good causes of arts, heritage and sport and funding for the fourth good cause of charitable expenditure and health, education and the environment to be reduced to 40%. In addition, the Government proposes that the Big Lottery Fund, which distributes Lottery funding for the fourth good cause, should focus its funding on the voluntary and community sector.

### **Descriptions of options considered**

4. Other than through primary legislation, which would impose delay, this Order is the only method available under the legislation (National Lottery etc. Act 1993).
  - i) The "Do nothing" option would mean that the benefits of the changes could not be achieved.
  - ii) Wait for a suitable bill to include the changes in primary legislation. This would impose delay and would be an unnecessary use of primary legislation, since provision to make the change by secondary legislation already exists.
  - iii) A change implemented in full on 1 April 2011. This would allow early additional benefits to the arts, heritage and sports sectors, but may have some negative impact on the voluntary and community sector funding through Big Lottery Fund.
  - iv) A staged implementation. On 1 April 2011, the shares for arts, heritage and sport increased on 1 April 2011 from 16.66% each to 18% each, and Big Lottery Fund reduced to 46%. On 1 April 2012, the shares for arts, heritage and sport increased from 18% each to 20% each and the Big Lottery Fund reduced from 46% to 40%. After initial discussions with the Big Lottery Fund, the Government believes this option will enable the funding to the voluntary and community sector through the Big Lottery Fund to be protected at the same time as providing early additional funding to the good causes of arts, heritage and sport. Other than a small temporary reduction in total cash funding to the Big Lottery Fund from 1 April 2011, more funds should be available through the Big Lottery Fund as the transfers from the National Lottery Distribution Fund to the London 2012 Olympic and Paralympic Games (to which the Big Lottery Fund is contributing £638 million over the five years) will end in that year. This is the preferred option, therefore.

- v) A change implemented in full on 1 April 2012. While this would allow more time for Big Lottery Fund to prepare (since it would have an extra £60 million available in 2011/12) it would delay the increase in funds for the arts, heritage and sport (each of these good causes would have £20 million less in 2011/12) and the Government believes such a delay is not necessary to protect the voluntary and community sector funding.

### **Costs and benefits**

- 5. In cash terms, all the National Lottery Distribution Fund good causes will have more money after the transfers to the Olympics end in 2012, and more Lottery funding will be available in each of the four countries of the UK. The total amount available in 2013/14 should be around £400 million more than in 2010/11.
- 6. As a result of the change in the shares for the good causes, there will be a redistribution of Lottery funding from the Big Lottery Fund to the arts, heritage and sport. Arts, heritage and sport receive about £250 million each of Lottery income a year without the Olympic transfers. The Big Lottery Fund receives around £750 million a year without the Olympic transfers. The change would mean around £50 million a year extra for each of the arts, heritage and sport good causes, the Big Lottery Fund will receive a smaller share (40% v 50%) of a larger amount as the Olympic funding ends. The net effect should be an increase of £120 million by 2014/15 compared to 2011/12. These amounts are dependent on ticket sales and so vary from year to year, but current projections are healthy. However, as noted above, there will be more Lottery funding available all round in cash terms once the Olympics transfers end in 2012.
- 7. The Government believes that there are benefits from increasing funding in arts, heritage and sport, and that these sectors are crucial to the well-being and quality of life of the public. These benefits would nonetheless come at a cost of reduced Lottery expenditure through the Big Lottery Fund on other sectors, such as health, education and the environment than might otherwise be the case.

### **Risks and assumptions**

- 8. A projection of £1.5 billion a year Lottery good causes income for each of the next five years is assumed but actual income depends on the sale of Lottery tickets and investment income to the National Lottery Distribution Fund, in which the Lottery good causes funding is held on behalf of distributors until they need to draw it down. At present, around 28p of each Lottery pound goes to good causes. At current projected levels of around £5.5 billion a year in ticket sales, this means good causes income of around £1.5 billion a year. A 5% change either way would increase or decrease the amount available for good causes by around £75 million a year. It should be noted that Lottery income has been increasing; the September 2009 projection was £5.1 billion a year in ticket sales.
- 9. A greater proportion of Lottery funding through the Big Lottery Fund should go to the voluntary and community sector (see paragraph 10 below). However, funding decisions are made by the National Lottery distributors acting independently of Government.

### **Impact on the voluntary and community sector**

- 10. The Government intends that voluntary and community sector funding through the Big Lottery Fund should be protected by making the change in two stages. While the voluntary and community sector received 92% of Big Lottery Fund funding in the last financial year (2009/10), it can expect, on current projections, to receive more, in cash terms, as a result of the change. Applying a 92% figure to the income the Big Lottery Fund received in 2009/10 works out at around £515 million. Under current projections, the Big Lottery Fund can expect to receive £635 million a year, after the transfers from the National Lottery Distribution Fund to the London 2012 Olympic and Paralympic Games end in 2012 (to which the Big Lottery Fund is contributing £638 million over five years 2008/09 to 2012/13), and at 40% of the National Lottery. Additionally, the Government proposes to issue a Direction to the Big Lottery Fund to focus its funding on the voluntary and community sector

in future. This is currently the subject of a separate consultation. The sector will also receive additional funds through the increases to the good causes of arts, heritage and sport.

### **Impact on countries**

11. On current projections, all the non-Olympic Lottery distributors should have higher incomes so there should be no detriment. More money should be available in each country. Specific issues are as follows:

#### *England*

12. All the Lottery distributors will have more funds available after the Olympic transfers end in 2012. It is expected that the Big Lottery Fund will delay the pace of some programmes.

#### *Scotland*

13. On current projections, Lottery funding for the arts in Scotland should be £10 million higher in 2013/14, compared with 2010/11, and funding for sport should be some £9 million higher than in 2010/11. On top of this, there will be increased funding available for heritage, film and elite sport, but it is not possible to say exactly how much of this will go to Scotland as it is for the distributors to decide how much to spend there. Across the UK, the heritage should have £115 million more in cash terms in 2013/14 compared with 2010/11, elite sport £16 million more, and film £16 million more. Historically, Scotland has received over 11.5% of Heritage Lottery funding and 4% of UK Film Council funding. The Big Lottery Fund, after deducting 10% for UK-wide programmes, currently allocates 11.5% of the rest to Scotland. It should have £75 million more in 2013/14 across the whole of the UK compared with 2010/11. The Big Lottery Fund has already announced levels of funding for the period 2010 to 2015 and it can be expected to re-evaluate these.

#### *Wales*

14. On current projections, Arts Council Wales and Sports Council Wales should each have around £5 million a year more in Lottery funding in 2013/14 than in 2010/11. On top of this there will be increased funding available through heritage, elite sport and film, but it is not possible to say exactly how much of this will go to Wales as it is for the distributors to decide how much to spend there. Across the UK, heritage should have £115 million extra in 2013/14 compared with 2010/11, elite sport an extra £16 million, and film an extra £16 million. The Big Lottery Fund, after deducting 10% for UK-wide programmes, currently allocates 6.5% of the rest to Wales. It should have £75 million a year more in 2013/14 across the whole of the UK compared with 2010/11. The Big Lottery Fund will probably make adjustments to the previously announced portfolio of programmes for Wales.

#### *Northern Ireland*

15. On current projections, Arts Council Northern Ireland and Sport Northern Ireland should each have about £3 million a year more in Lottery funding in 2013/14 than in 2010/11. On top of this there will be increased funding available through heritage, elite sport and film, but it is not possible to say exactly how much of this will go to Northern Ireland as it is for the distributors to decide how much to spend there. Across the UK, heritage should have £115 million more in 2013/14 than in 2010/11, elite sport an extra £16 million, and film an extra £16 million. The Big Lottery Fund, after deducting 10% for UK-wide programmes, currently allocates 4.5% of the rest to Northern Ireland. It should have £75 million more in 2013/14 across the whole of the UK compared with 2010/11. The Big Lottery Fund has consulted on a portfolio of proposals for four new programmes for Northern Ireland and it is likely to review the budgets for these.

### **Summary of preferred option and detailed implementation plan**

16. The preferred option is to change the shares by means of this Order with implementation in two stages. On 1 April 2011, the shares of the National Lottery for arts, heritage and sport would be increased from 16.66% each to 18% each, with the Big Lottery Fund reduced from 50% of the

National Lottery to 46%. On 1 April 2012, the shares of the National Lottery for arts, heritage and sport would be increased from 18% each to 20% each, with the Big Lottery Fund reduced to 40%.

### **Burdens on local government**

17. Local authorities currently receive some £100 million a year from the Big Lottery Fund, although this is not a fixed amount and is dependent on applications. There will be no impact on existing award holders but this funding will be phased out. The Government believes local authorities should not be funded from the National Lottery which is intended to be additional funding, independent of Government.

## Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added to provide further information about non-monetary costs and benefits from Specific Impact Tests, if relevant to an overall understanding of policy options.

### Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p><b>Basis of the review:</b> [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];</p> <p>Internal commitment to review.</p>
<p><b>Review objective:</b> [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p> <p>To assess the cash benefit of the change to the arts, sport and heritage, and to ensure that the voluntary and community sector has been protected.</p>
<p><b>Review approach and rationale:</b> [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p> <p>Review Lottery income figures to the National Lottery Distribution Fund and funding figures for the voluntary and community sector from the Big Lottery Fund and other distributors</p>
<p><b>Baseline:</b> [The current (baseline) position against which the change introduced by the legislation can be measured]</p> <p>Health, Education, Environment and Charities good cause (50% of Lottery good cause income) Arts (16.66% of Lottery good cause income), Heritage (16.66% of Lottery good cause income) Sport (16.66% of Lottery good cause income)</p>
<p><b>Success criteria:</b> [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p> <p>Health, Education, Environment and Charities good cause receives 40% of Lottery good cause income, arts, heritage and sport 20% each; funding for the voluntary and community sector is protected</p>
<p><b>Monitoring information arrangements:</b> [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]</p> <p>Information from the National Lottery Distribution Fund and distributors</p>
<p><b>Reasons for not planning a PIR:</b> [If there is no plan to do a PIR please provide reasons here]</p> <p>N/A</p>

## ANNEX 2: STATUTORY EQUALITY DUTIES IMPACT TEST

### The Apportionment of Money in the National Lottery Distribution Fund Order 2010

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**Decision makers / implementers:** The Secretary of State for Culture, Olympics, Media and Sport is responsible for the policy and the secondary legislation. Decisions on project funding, within the amounts available to each under the legislation, are for the Lottery distributing bodies to make, acting independently of Government, but taking account of any high level policy directions issued by the Secretary of State under the terms of the National Lottery etc. Act 1993.

**Start Date:** 1 April 2011

**End date:** Not applicable. The new good cause shares will continue until such time as the Government should decide to make any further change.

**Relevance:** The Government has a commitment to ensure that more National Lottery funding goes into sport, the arts and heritage. It proposes to do this by restoring the good causes of sport, the arts and heritage to their original allocations of 20% each of National Lottery good causes money. This means that funding provided through the Big Lottery Fund will reduce from 50% of the Lottery good causes money to 40%. The Big Lottery Fund has already committed that 80% of its funding (at 50% of the Lottery good causes income) would go to the voluntary and community sector. The Government's intention is that the voluntary and community sector funding through the Big Lottery Fund should be protected and that the Big Lottery Fund should focus purely on supporting social action through the voluntary and community sector. It proposes to achieve that by issuing a policy direction to the Big Lottery Fund to maximise its funding to the voluntary and community sector. The voluntary and community sector will also benefit from the additional funding made available through the arts, heritage and sport. It is concluded that this change will have no effect on general equality duties or equality groups.

**Policy aims:** The Order is needed because it is the only method permitted by the legislation for amending the shares of Lottery funding for the good causes. By making the change, the Government will honour its manifesto commitment to restore the shares for the arts, heritage and sport to the 20% they received when the Lottery began. The changes made by the Order will ensure the policy works as intended since the arts, heritage and sport will each receive 20% of Lottery good causes income.

**Available evidence:** At current levels of Lottery income, the arts, heritage and sport should each receive about £50 million extra a year as a result of the share change and the Big Lottery Fund about £150 million a year less. The Big Lottery Fund will focus its funding on the voluntary and community sector, and not the statutory sector. Other than a small and manageable dip in 2011/12, the Big Lottery Fund will have more funding available for the voluntary and community sector after the change compared with the current position. It should also be noted that the same amounts of Lottery funding will be available overall as would have been the case before the change, and that there should be more Lottery funding available for each of the four good causes when the Olympics diversion comes to an end in 2012. By introducing the change to the shares in two stages, in April 2011 and April 2012, the Government is ensuring that the overall reduction in funding through the Big Lottery Fund is kept to a limited and manageable level in 2011 and should be more than offset by the end of the Olympics diversion in 2012. Overall, there does not appear to be any evidence to suggest that there will be any adverse impact on general equality duties or on particular groups.

**Evidence gaps:** None have been identified.

**Involvement and consultation:** A public consultation was held from 21 May to 21 August 2010. A total of 362 responses were received from a wide range of organisations in the arts, heritage, sport, voluntary and community sectors, as well as from the devolved administrations, local authorities and other statutory bodies and from individual members of the public. In addition, the Government also consulted Scottish Ministers.

**What is the likely impact?** Some respondents to the public consultation expressed concern that the overall reduction in funding through the Big Lottery Fund would adversely affect particular groups. However, the same amounts of money will be available overall, and the amount available to the voluntary and community sector through the Big Lottery Fund will remain the same. Therefore, it is considered that the policy will have no specific adverse impact on any particular group. Decisions on which projects to fund will, as before, remain with the Lottery distributing bodies acting independently of Government.

**Address the impact:** There is no evidence to suggest any adverse impacts.

**Monitoring and review:** The position after the change will be monitored by liaison with the distributing bodies, including the Big Lottery Fund.

**Action Plan:** Subject to Parliamentary approval of the Order, the change will be implemented from 1 April 2011. The Department for Culture, Media and Sport will monitor implementation in conjunction with the distributing bodies but it should be noted that merely making the Order will ensure the policy change is carried out since the percentages to the good causes will be amended from the date of implementation.