**The Museums Association Response to DCMS Call for Evidence on Lotteries Reform**

1. **About the Museums Association**

The MA is an independent membership organisation representing museums and galleries in the UK and the people who work for them. It has over 6,800 individual members and 600 institutional members, including national, local authority, independent, university and military museums. It was formed in 1889 and is a not-for-profit charity that seeks to inform, represent and develop museums and the people who work for them in order that they may provide a better service to society and the public.

1. **The National Lottery**

Museums currently receive funding from two of the national lottery funding organisations: the Heritage Lottery Fund; and the Arts Council Lottery funding, which is disbursed by ACE in England and equivalent agencies in the devolved nations.

National Lottery funding is a vitally important source of funding for museums. Indeed, in a period of austerity, National Lottery Funding is becoming an increasingly large portion of total public funding of museums in the UK.

The Museums Association believes that it is vitally important that the ability of the National Lottery to continue to generate substantial funding for good causes should be guaranteed. Of all the lotteries in the country, only the National Lottery (through its varied product range) is set up specifically to generate substantial financial support for a broad range of good causes. Its position as a monopoly provider of major ‘life-changing’ prizes helps to ensure its ability to deliver on its mission. The Museums Association believes that there should not be any weakening of current rules around the National Lottery’s monopoly on providing major cash prizes.

Indeed, we are already concerned about the impact of society lotteries acting under umbrella organisations to compete with the National Lottery for custom. These lotteries do not deliver to the same range of good causes or to the same level as the National Lottery. Nor do they benefit from the same infrastructure that ensures the transparent disbursement of funds to a wide variety of deserving projects.

Consideration should also be given to how National Lottery funds can be shared more equitably across the country and deliver benefits to all sectors of society – particularly those who play the National Lottery. However, this should take place within the confines of the existing National Lottery funding infrastructure – not by introducing further competition into the lotteries landscape.

1. **Society Lottery reform**

The MA believes that a number of changes should be introduced to the governance of society lotteries, particularly in relation to the growth of large ‘society lotteries’ such as the Health Lottery and the People’s Postcode Lottery. While we believe that the National Lottery should remain the main source of funding for good causes, we also believe there is significant scope to increase the

amount of revenue that society lotteries return to good causes without changing the existing rules that guarantee the National Lottery monopoly on ‘life-changing’ cash prizes.

The 2005 Gambling Act removed the expenses cap on society lotteries which had been set at 35% and instead put in a requirement to return at least 20% of the proceeds of a lottery to good causes. As a result fees for External Lottery Managers are now decided on agreement between both parties as long as it is reasonable under the terms of the act. Society lotteries’ capacity to make a profit from managing a society lottery has increased.

The National Lottery returns at least 28% of income to good causes and spends just 4.5% of income on admin. As a comparison, the People’s Postcode Lottery ‘Postcode Culture Trust’ returned just £1.8m to good causes out of almost £10m raised according to its latest figures – barely meeting its obligation to deliver 20% of funds to good causes. 35% of all money raised is retained by the People’s Postcode Lottery as the manager of the lottery[[1]](#footnote-1). This example is replicated across the society lottery industry.

It is clear that society lottery managers are making substantial returns on lotteries which are publicised as raising money for good causes. We believe that the amounts that they should be required to spend on good causes should be increased to at least match the amount raised by the National Lottery in order for them to fulfil their duty to the public and to lottery players. The management fees kept by society lotteries and their umbrella organisations should also be capped at a rate much lower than the current 35% rate. 20-25% should be more than sufficient.

Furthermore, there is a rigour about the National Lotteries' process of selecting good causes that seems to be significantly lacking in the case of Society Lotteries. Some recipients of Society Lottery funds seem to be selected more on the basis of the benefits they bring to the relevant Society Lottery in promoting itself, not the benefit they bring to the public. Legislation should require them to be much more transparent about their criteria, and these criteria should be set by the four national governments.

1. <http://www.postcodeculturetrust.org.uk/about-us/annual-report-accounts.htm> (see p.6 of Annual Report) [↑](#footnote-ref-1)