



National Campaign for the Arts

Debate summary: Lottery funding for the Olympics, House of Lords, 17 May 2007

Lord Baker of Dorking rose to call attention to the effect on heritage and the arts of the transfer of lottery funds to the 2012 London Olympic Games; and to move for Papers.

- The Culture Secretary, Tessa Jowell announced the transfer of £675 million of Lottery funds to the Olympics on 16 March 2007, only ten days after the Prime Minister had said that the arts were “of fundamental importance to the country”, and that there would be no more “boom and bust”. “So when the Prime Minister says boom or bust, it is boom for Tony and bust for Tessa.”
- Tessa Jowell referred to the transfer of money as a loan. “It is not a loan; it is an act of larceny.”
- “She went on to say that it would unlock the ambitions of young people. It will not for those in the arts or those who work in voluntary heritage activities.”
- In 1992, the Treasury gave a “cast-iron guarantee...that lottery money would be additional money for public sector projects and not a substitute.” “That promise has been fundamentally broken.”
- The Government grant to the Arts Council is “fundamental for the funding of small activities in the arts. This year, it is suffering a cut of £112 million”. This comes on top of last year’s cut of “£63 million as a result of transfer to good causes from the arts.”
- The Arts Council’s budget of Lottery funds for small operations and activities has been reduced from £83m to £54m this year and will be reduced to £24m. This is not the five percent cut which Ministers talk about.
- The activities which will suffer include the “innovative, experimental and imaginative” activities of small groups across the country. 86 percent of the grants to these groups are less than £5,000 and “support local activity groups and individuals.”
- If the private sector is going to make up the shortfall in funding, as is often suggested, then we need the same tax breaks as in America. “Every \$60 given to a cultural organisation in America is worth \$100. For a 40 percent taxpayer in the UK, the tax benefit today is not 40 percent if you give; it is about 20 percent.”
- The “cultural fund of £40 million” mentioned by Tessa Jowell is “not her money to spend; it comes from the Big Lottery Fund.”
- Arts activities are “subject to a treble whammy” in the form of the £675 million cuts, the lottery game which must raise £715 million and which is expected to “suck money from the rest of the fund” and the Comprehensive Spending Review which is prompting arts organisations to plan for substantial real term cuts and which, “will be the first test of whether Gordon Brown, who has already agreed all this, really supports culture.”

- “At the end of the day, societies and civilisations are remembered not for their athletics but for their aesthetics. They are remembered for their painting, their music, their drama, their poetry, their architecture and their landscape. That is what marks out the memory of civilisations.”
- Asked the Minister to pledge that there would be no more money taken from the Lottery for the Olympics.

Lord Smith of Finsbury:

- “I believe on the one hand that huge benefit can and will come to this country...from the Olympics and Paralympic Games in 2012, including from the vast range of cultural activities that will and should take place before and around the games. On the other hand, I absolutely recognise the deleterious impact that the recent decisions about lottery funding have had”.
- “This has set the arts against the Olympics. That should absolutely not be the case, because the two should go hand in hand.” The Cultural Olympiad prompted “enormous enthusiasm in the cultural sector” but the “decisions that have been taken on lottery money have done great damage to that enthusiasm. I believe that it is possible to rekindle the enthusiasm, but we need to put some effort into doing it.”
- “The way to put things right is through the Comprehensive Spending Review”. It is important to remember that the arts budget would be “rounding figures for any other department of state...small change for the Department for Work and Pensions or the Ministry of Defence, but they are absolutely vital, and make a huge difference, to the all-important arts.”
- The “arts have been a huge success story for this country and for this Government”. “Recent decisions have put that success in danger. I plead as passionately as I can with the Government not to make it worse later on this year.”

Baroness Bonham-Carter of Yarnbury

- “(D)espite the greatness of this country’s cultural endeavour, this subject is somehow a poor relation in the political arena. Too often, it struggles to be heard, and, too often, it is treated as an optional extra.”
- In one of the Prime Minister’s “so-called legacy speeches” he “referred back to his pledge that the arts should be, “part of our core script”, and Gordon Brown has said that, “The arts sector is not a sideshow”. This “was precisely the line taken in London’s bid for the 2012 Games and one of the main reasons why it won.”
- “(T)he voluntary arts and heritage groups, which are rooted in almost every local community, are crucial in ensuring that this cultural Olympiad does what the London bid promised.” However, there is “very little funding” for this and the latest diversion of Lottery funds hits these organisations “particularly hard.”
- “The Secretary of State argues that the arts should contribute to the Olympic bill because of the cultural Olympiad, but there will not be a cultural Olympiad if there are no funds to run it. At the moment, there is not nearly enough to achieve what the Government envision.”

- “The voluntary arts sector involves more than 3.6 million people who...are the seedbed of our major arts institutions...discovering, nurturing and encouraging the talent that feeds through to the pinnacles of achievement we celebrate across the arts in this country. We undermine this sector at our peril.”
- Asked the Minister “to assure this House that there will be no further raids on the lottery” and asked if he accepted that, “due to the lottery funds that have already been diverted, it is essential that the Arts Council is not delivered real-term cuts in the forthcoming Comprehensive Spending Review.”
- The Government is to be congratulated on its funding of the arts but it has “demanded the stringent setting of targets. How does the Minister expect such targets to be adhered to when funds are withdrawn because the Government cannot stick to their own?”
- “In raiding the arts and heritage to deliver the hardware of the Olympics, the Government are in danger of failing to deliver...and we are potentially witnessing a lost legacy.”

Lord Luce

- The budget for the Olympics started at “just under £3 billion and today stands at over £9 billion, one does not have a great deal of confidence that it is going to end there; it may escalate further.”
- “The truth is that in this country we are not particularly good at handling large projects...the Millennium Dome, the Scottish Parliament building at Holyrood, Wembley Stadium and now the Olympics do not exactly give one a great deal of confidence that they are being managed effectively and well.”
- The “most striking thing about this judgment is the lack of consistency and the muddled thinking.” The Government “announced that alongside the Olympics there is to be a cultural Olympiad”. However, “having announced it, the Government...hit the arts over the head by saying that funds are going to be cut, thus demoralising and making things very difficult indeed for the 50,000 or smaller, voluntary arts bodies which do so much to lay the foundation of the arts in this country.”
- “To retrieve the situation, I would of course in an ideal world like to see the Government reverse their decision. If that really is not possible...one will need to look to the Comprehensive Spending Review and for compensation that way. There are not many other avenues that can be pursued, whether through local government, the Legacy Trust UK fund or the Contingencies Fund. However, if it was possible to divert a small sum from the overall budget for the Olympics, that would help.”
- “The Government are in danger of doing serious damage to an important part of our heritage and arts, and certainly jeopardising the cultural Olympiad.”

Lord Coe:

- “I remain optimistic that over the next five years—to 2012—we will be able to bring new, additional funding into the cultural sector, both from public and private sources. Our own culture team will be announcing plans for the culture Olympiad shortly. We are still five years ahead of the Games, which is the right time to be planning. I thank your Lordships for allowing me to share what I hope you will see is the full extent of our ambition and the opportunities available to us from hosting the London 2012 Games, an event which for all of us will always be so much more than simply sport.”

Baroness Kennedy of The Shaws

- “It behoves a civilised Government to invest properly in the arts. The present Government have a proud record in this respect... (but) spending on culture and its consequences amounts to only 0.6 per cent of our national income—the loose change of government spending.”
- “We cannot assume that there will ever be enough public sector funding for the arts. Recently, an Arts & Business publication warned of the further demise of cultural funding from local authorities. By recognising and celebrating the role of the commercial sector and of individual philanthropists, we can avoid the current dependency on a single line of finance and find more effective new ways to resource the arts.”

Lord Marland

- “It would be easy to criticise only the so-called Minister for Culture, but this financial fiasco has the dead hand of the Chancellor on it. It is the Chancellor who is charging VAT of £1 billion, whereas the Commonwealth Games in Manchester did not have to pay VAT, and it is the Chancellor who has had to sanction the original costing and the revised costings at every juncture, having been guided by the Treasury.”
- “A number of questions remain unanswered.” If the £675 million has been described by Tessa Jowell as “venture capital” and as a “loan from the Lottery”. If it is a loan then we need to know the terms on which it will be repaid and if it is capital ventured to make a profit then we need more details about this.
- Figures from the National Audit Office “show that 80 percent of the money being raised from scratch cards is to the detriment of other lottery fundraising initiatives.”
- We might not have “seen the end of this spending mismanagement because there is no sound commercial strategy in place to reverse this trend. “
- “It is a tragedy that an event that cost only £2 billion in Sydney—which many people say was the best Games ever—is currently going to cost nearly five times as much in London. Only in a new Labour world do sport and the arts become worse off as a result of London staging the greatest sporting event on Earth.”

Lord Watson of Invergowrie

- “As part of the Games bid, the National Lottery pledged to contribute £1.5 billion...a sum that has been estimated to mean a reduction in funding for good causes in Scotland alone of around £80 million. In January this year, a further £900 million increase was highlighted. Big Lottery Fund Scotland estimated that (this) would add a further £50 million to the costs across Scotland.” A reduction of £51 million in funding for good causes “would be equivalent to closing the BIG Scotland small grants fund, known as Awards for All, for six years” threatening the existence of 10,000 of the 45,000 voluntary organisations in Scotland.
- The assurance that the £425 million to be transferred from the Big Lottery Fund to the Olympics “would not come from funding for voluntary and community organisations but from the 30 per cent of the Big Lottery Fund that goes to statutory bodies” misses the point that this is money which funds statutory bodies which, in turn, fund voluntary organisations.
- “Where would the money come from if not from the sources that we have been discussing today? The Treasury should look long and hard at the 12 per cent that it takes on every pound that goes to the lottery. Given that the Olympics were last held in this country in 1948 and will now be held here in 2012, we will probably have to wait half a century before they return. Therefore, it can be seen as a one-off event. The Treasury should reduce or even waive that amount to produce additional funding.”

Baroness Hooper

- “My concern is that the Government give greater priority to sport than to our cultural heritage and the arts.”
- “The astronomical growth in the projected cost of the Olympics should not come as a surprise. I have to confess that I was also one—obviously in a minority here today—who felt that Paris would have been quite close enough for the Olympic Games. Nevertheless, since our bid did succeed, I believe that we have to make the best of it and, as a London council tax payer, I am prepared to pay that extra whack. But I do not wish to see the arts suffer as a consequence. I look forward to hearing more about the plans for the cultural Olympiad”.

Lord Clement-Jones:

- “A loss of £62 million over four years to Arts Council England, a loss of £55 million to Sport England, and the loss to the Heritage Lottery Fund of £90 million will do great damage, despite the enormous care being taken by the HLF and other distributors to try and mitigate their losses. The loss to the HLF, for example, is equivalent to the loss of four years’ spending on smaller community and voluntary sector grants and the entire spending aimed at involving younger people—some 6,000 projects.”
- “The public do not want to see a raid on lottery funding for good causes.” A YouGov poll reported that 67 percent of respondents “said that they disagreed that more money should be diverted from lottery good causes.”

- “We on these Benches are great supporters of the Olympic Games, but the Government must mitigate the problems raised by this diversion of funds. It would be tragic if the Government’s actions set the interests of the Olympics against those of the arts and heritage.”

Lord Evans of Temple Guiting

- “This Labour Government increased that investment from £187 million, with a real terms increase of 73 per cent, to £412 million this year. This transformed the landscape of the arts in the United Kingdom. A 72 per cent increase in budget for theatre translated into increases in audiences of 40 per cent. Creative partnerships have been developed so that more than 610,000 young people can be involved in creative projects. Grant in aid to museums has risen by 29 per cent in real terms since 1997. Free admission to all our national museums has brought about an 83 per cent increase in total visits to formerly charging museums since 2001, representing an extra 6.5 million visits in 2006.”
- “This Government do not need lessons from anyone on the importance of proper funding for culture, particularly from a senior and distinguished member of Margaret Thatcher’s Cabinet, the noble Lord, Lord Baker of Dorking. This Government have helped create a transformation in the cultural infrastructure of the country.”
- “We have agreed with the Big Lottery Fund that resources for the small, voluntary and community sector will be protected. This means that the sector will still receive at least the amount implied by the Big Lottery Fund’s earlier commitment—around £2 billion.”
- “The Government will make sure that lottery good causes will have first call on any profits that come from the sale of the Olympic Park after the Games, so a share of money going to the Olympics will return to lottery funds after the games... we will be providing more information to firm up that proposal.”
- “(E)xisting lottery projects need not be affected and that none of the money will be transferred until 2009.”
- “From the closing ceremony of the Beijing 2008 Olympics...the UK will commence its Cultural Olympiad, a developing four-year period of cultural activity. The Cultural Olympiad is intended to encapsulate the widest possible range of culture from the arts, museums and galleries, to the historic and built environment, to libraries and archives, to the moving and digital image, from the biggest institutions to the smallest community groups.”
- The “Heritage Lottery Fund will contribute a total of £161 million. This means that there should still be left over £700 million of new lottery money for the fund between 2009 and 2012. The Arts Council England will contribute a total of £112.5 million. This means that there will be £500 million of new lottery money for the council between 2009 and 2012. The period of the Arts Council England supporting very large-scale capital grants has come to an end, which means that there is now a focus on smaller grants to organisations and individuals. “
- “The new Olympics budget has been rigorously and independently assessed. We have put in place rigorous cost-control measures. We believe that this is a robust package. It is not inevitable that costs will rise and—this is a crucial point—the inclusion of a £2.7 billion contingency means that, should the need arise, the funds are available to meet it.”

- “I cannot say anything about the next spending review, but many points have been made, and they will be noted.”
- The new Lottery games are “on course... to raise £750 million towards the cost of the Olympics”. “Non-Olympic good causes may lose on average about 5 per cent of their income as a result of sales diversion.”
- “The cash contribution of the arts, including film, in Scotland to the 2012 Games will be around £15 million. However, there should still be more than £60 million for the arts, including film, in Scotland between 2009 and 2012. There should still be more than £410 million of new lottery money for Scotland between 2009 and 2012. The noble Earl, Lord Caithness, asked about the Heritage Lottery Fund. He may be encouraged to hear that the HLF expects to absorb the impact of Olympic funding over time, rather than make deeper short-term cuts. That means that there will be less impact on its customers, and it will still be able to provide support to the full range of heritage activities. Between now and 2019, HLF expects to distribute £1.9 billion to the heritage sector, some £180 million a year from 2009 and beyond, and it has also given a reassurance that those projects already-promised grants will be absolutely safe.”
- Gordon Brown said at the Brighton Festival, “I do intend to make sure that what happens over the next period is not detrimental to the arts and will not allow the fact that we are having an Olympic Games to come in the way of the arts”. He also wants to ensure that “every young person and every school child gets access to the arts and gets a chance to learn about the great range of culture, from music to drama, and everything else.”

Lord Baker of Dorking

- The Minister “has defended the indefensible and excused the inexcusable
- “I have three messages for the Government and the Minister. First, you have taken £675 million. No more must be taken.” “Secondly, regarding the loan that we heard about, Tessa Jowell says that the money will all come back. Most loans are accompanied by a guarantee.”

Lord Evans of Temple Guiting

- We will “provide the sort of detail that any business person would expect for an arrangement such as this.

Lord Baker of Dorking

- Finally, “I urge the Minister: please listen to the comments of the noble Lord, Lord Smith of Finsbury...He said very clearly that enough is enough.” “It is up to Gordon Brown to ensure that there is no cut for arts in the spending round this year. That will be his test. All the arts and heritage bodies expect a cut. If it is frozen, it is a cut. We very much expect the Chancellor to redeem what he said in Brighton last week by increasing spending on those bodies.”

Motion for Papers, by leave, withdrawn.

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