

IN THE FIRST TIER TRIBUNAL
GENERAL REGULATORY CHAMBER
(CHARITY)

Claim No: CA/2021/0013

B E T W E E N:-

Mermaids

(Appellant)

-and-

The Charity Commission for
England and Wales

(First Respondent)

The Trustees of LGB Alliance

(Second Respondent)

Second Witness Statement of Eileen Gallagher

I, Eileen Gallagher, of LGB Alliance, Kemp House 152-160 City Road London EC1V 2NX, shall say as follows:

- (1) I adopt and rely on my Witness Statement of 18 March 2022 (the “**First Witness Statement**”). The purpose of this Second Witness Statement is to provide updated evidence regarding matters that are dealt with in the First Witness Statement and which have developed since the First Witness Statement was provided.

First Witness Statement Paragraph 13 – Friends of LGB Alliance

- (2) Since March we have been building on our Friends of LGB Alliance initiative. We are setting up regional hubs with volunteers taking the lead to organise social events in their local areas. We have volunteers now working on this in London, Bristol and Kent. We have set up an LGB Book Group which is well attended online. We have carried out a major survey of all our newsletter subscribers and supporters on our mailing list, just over 5,900 people in total, to help identify service needs.

- Second Witness Statement of Eileen Gallagher -
- 31 August 2022 -
- Page 1 of 4 -

- (3) On 11 July 2022 we organised an event in support of Freedom of Expression at the House of Lords with the Academy of Ideas, Don't Divide Us and the Free Speech Union. This event was particularly important to us because freedom to express support for the LGB community is one of the core purposes of LGB Alliance. The event was fully cross-party, hosted by Baroness Jenkin of Kennington (Conservative), Baroness Deech DBE QC (Cross bencher), Lord Clement-Jones CBE (Liberal Democrat) and Lord Hunt of Kings Heath OBE (Labour). The keynote speaker was former Equalities Minister, Kemi Badenoch. Also speaking at the event was Joanna Cherry QC MP (Scottish National Party) and Trevor Philips OBE, former Chair of the Equality and Human Rights Commission and current Chair of Index on Censorship both vocal in their support of LGB Alliance.

First Witness Statement Paragraphs 19-20 – Arts

- (4) On the 14th of April 2022, we were awarded funding from the London Community Foundation (LCF), which distributes funding on behalf of the Arts Council England, for our Jubilee film 'Queens', which celebrates the lives of older gay men as they reflect on the changes they have seen over the reign of Her Majesty Queen Elizabeth II, referred to at paragraph 20 of the First Witness Statement. This prompted a backlash on twitter, including Jolyon Maugham QC tweeting to the Arts Council.
- (5) As a result of this backlash, LCF withdrew our funding, citing these proceedings as the reason:
- "We have become aware that the charitable status of the organisation is being questioned. In line with our usual practice where a grantee is under investigation or review this grant is suspended."*
- (6) It was subsequently confirmed by the Charity Commission the LGB Alliance's charitable status was not being investigated or reviewed, **[Exhibit EG20]** . We asked the LCF to withdraw the statement but they did not. At a DCMS Parliamentary Committee meeting on June 14th, the Right Honourable Damian Green MP, questioned Arts Council England CEO, Darren Henley about the

decision to withdraw the grant. Damian Green called LGB Alliance 'one of the big victims of cancel culture'. He said the Alliance was 'an entirely respectable organisation' and asked for assurances from the Arts Council there was no blacklisting. Mr Henley gave such assurances but the grant remains withdrawn [Exhibit EG21]. A kind donor replaced the lost grant and the film is being made and is due to be premiered at the House of Lords on September 10th 2022.

First Witness Statement Paragraphs 25-26: Helpline for LGB People

- (7) Our application for National Lottery funding for a helpline for LGB People was successful. We were awarded £9,000 to scope the project. In a meeting of the Digital, Culture, Media and Sport Committee of the House of Commons on 5 July 2022, John Nicolson MP criticised the award in questions that he put to the DCMS Minister Chris Philp MP. In answer to the questions, the Minister agreed to make enquiries with the National Lottery about the award [Exhibit EG22]. Two days later, the Minister resigned his post so we do not know whether any further enquiries were made, but there has been no suggestion that the grant should be withdrawn. We are currently working hard to fully scope the helpline project which we hope will eventually have locations around the UK. We hope to combine this service with drop-in centres for Friends of LGB Alliance and other young people.
- (8) In conclusion, for a new charity with limited staff and money, I believe we have made great strides towards fulfilling our charitable purposes. It is regrettable that we have been distracted in this task and have had to spend a great deal of time and ask our supporters for a great deal of money to defend our charitable status in these proceedings.

Statement of Truth

I believe that the facts stated in this witness statement are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

- Second Witness Statement of Eileen Gallagher -
- 31 August 2022 -
- Page 3 of 4 -

Signature



Date 31/08/2022

- Second Witness Statement of Eileen Gallagher -
- 31 August 2022 -
- Page 4 of 4 -

**IN THE FIRST TIER TRIBUNAL
GENERAL REGULATORY CHAMBER
(CHARITY)**

Claim No: CA/2021/0013

B E T W E E N:-

Mermaids

(Appellant)

-and-

**The Charity Commission for
England and Wales**

(First Respondent)

The Trustees of LGB Alliance

(Second Respondent)

EXHIBIT EG20



CHARITY COMMISSION
FOR ENGLAND AND WALES

Jackie Doyle-Price MP
House of Commons
London
SW1A 0AA

Sent by email:
jackie.doyleprice.mp@parliament.uk

Charity Commission
PO Box 211
Bootle
L20 7YX

E:
parliamentaryenquiries@charitycommission.gov.uk

Date: 19 May 2022

Dear Ms Doyle-Price,

LGB Alliance (registered charity number 1194148)

Thank you for your correspondence of 26 April 2022 sent to the Charity Commission's Chief Executive, Helen Stephenson. As the Director of Regulatory Services, I am responding on the Commission's behalf.

You have asked for clarification of the Commission's regulatory position in relation to LGB Alliance.

In response, I can confirm that the Commission registered this organisation as a charity on 20 April 2021 and published the reasons for the decision on [GOV.UK](https://www.gov.uk).

Shortly after registration, concerns were raised about the charity in connection with its campaigning work and its use of social media. A regulatory compliance case was subsequently opened to explore these concerns further with the charity's trustees.

This case was closed in March 2022 with the Commission issuing regulatory advice and guidance to the charity's trustees under section 15(2) of the Charities Act 2011 to assist them in the discharge of their regulatory duties. No investigation has to date been opened.

Separately to this, third parties have approached the First Tier Tribunal (Charity) to appeal the Commission's decision to register LGB Alliance as a charity. The Commission is a party to these proceedings, as you would expect, as we defend our decision. We expect the appeal hearing to be held in the autumn.

I hope the above is helpful. If I can be of any further assistance, or for future correspondence, please do not hesitate to contact me via parliamentaryenquiries@charitycommission.gov.uk.

Yours sincerely,

Helen Earner, Director of Regulatory Services
Charity Commission for England and Wales

**IN THE FIRST TIER TRIBUNAL
GENERAL REGULATORY CHAMBER
(CHARITY)**

Claim No: CA/2021/0013

B E T W E E N:-

Mermaids

(Appellant)

-and-

**The Charity Commission for
England and Wales**

(First Respondent)

The Trustees of LGB Alliance

(Second Respondent)

EXHIBIT EG21



Digital, Culture, Media and Sport Committee

Oral evidence: Reimagining where we live: cultural placemaking and the levelling up agenda, HC 155

Tuesday 14 June 2022

Ordered by the House of Commons to be published on 14 June 2022.

[Watch the meeting](#)

Members present: Julian Knight (Chair); Kevin Brennan; Clive Efford; Julie Elliott; Damian Green; Simon Jupp; Giles Watling.

Questions 125 - 249

Witnesses

I: Dr Darren Henley CBE, Chief Executive, Arts Council England; Tom Stickland, Theatres Adviser, Theatres Trust; Duncan Wilson OBE, Chief Executive, Historic England.

II: Lord Parkinson of Whitley Bay, Minister for Arts, Department for Digital, Culture, Media and Sport.



Examination of witnesses

Witnesses: Dr Darren Henley CBE, Tom Stickland, and Duncan Wilson OBE.

Q125 **Chair:** This is the Digital, Culture, Media and Sport Select Committee and this is our hearing into the levelling up of culture. We are joined in our first panel today by Dr Darren Henley CBE, Chief Executive of the Arts Council England, Tom Stickland, Theatres Adviser for The Theatres Trust and Duncan Wilson OBE, Chief Executive, Historic England. Darren, Tom and Duncan, thank you very much for joining us today.

Before we start with our first question, I am going to ask members if there are any declarations to make.

Giles Watling: I am the chair of the all-party parliamentary group for theatre.

Simon Jupp: I am the chair of the all-party parliamentary group for hospitality and tourism.

Q126 **Kevin Brennan:** Good morning, everybody. What does levelling up mean?

Duncan Wilson: Levelling up means attending to areas where culture and heritage is less strong because of economic deprivation and making sure that that is an important focus of our activity. We give everywhere a fair chance to enjoy benefit from its heritage, in our case, because we recognise that some areas, for different reasons, have been, relatively speaking, less well supported in the past.

Q127 **Kevin Brennan:** What does that mean that Historic England is doing in practice? Are you going to measure whether you have done it?

Duncan Wilson: In practice what we deal with is levelling up, although it was not always called levelling up, because we deal with areas where the market has failed to recognise the value of heritage and particularly its social value, so there is a need for some intervention to create a level playing field. We have been doing that for quite a long time. Most recently our High Streets Heritage Action Zones programme, which began life about four years ago as an idea and has been delivering for two years, has focused on 60 places where high streets are in need of help, and we believe heritage can deliver that help. Heritage is a strong catalyst for social engagement, community engagement and often there is an important heritage building in a high street that may have been derelict for a while that can be an icon for regeneration.

Q128 **Kevin Brennan:** Are you doing anything different now than you were before the Government invented this term levelling up?

Duncan Wilson: Our high streets programme was a significant investment by the Government, £96 million over four years, and that is different in scale from what we were doing before¹.

¹ Note by witness: Correct figure is £95 million.



Tom Stickland: In the broader sense for us levelling up means making the whole country a better place to live and work.

Kevin Brennan: For the record, remind us what organisation you are from.

Tom Stickland: I am from the Theatres Trust. We are the national advisory public body for theatres, and we work with theatre operators, owners, local authorities to support sustainable theatre operation.

For us levelling up is about making the whole country a better place to live and work. That means making sure that there is an appropriate cultural provision in places across the country and that everyone has opportunities to engage and consume theatre, that there is a great variety of provision, the demand from local people is met and that the buildings are flexible to be able to meet that, that the buildings are accessible, but operate inclusively and that they operate sustainably over a longer period.

For us, that will be achieved through making sure that the existing theatre infrastructure is properly maintained, that new theatre infrastructure or improvements are well designed with the local community's needs in mind and that the ongoing operation of those theatre venues are suitably funded.

Q129 **Kevin Brennan:** Have you changed your approach since the term levelling up was invented?

Tom Stickland: Our approach is constantly flexing, according to what the needs are of the sector and the needs of the sector have changed quite dramatically over the last few years.

Q130 **Kevin Brennan:** The needs of the sector rather than Government policy.

Tom Stickland: I would say that has been our approach. We have not received any specific levelling up guidance but to pursue in different ways we continue to operate with that view. We have always had a nationwide view and continue to. Theatre infrastructure has always been about improving places and improving communities. In a way, the levelling up agenda meshes well with our existing approach.

Dr Henley: I am from Arts Council England. Levelling up for us is about opportunity and fairness. We have done things differently. We now have 54 priority places. To give you some numbers, in the year 2019-20 before Covid we invested £48.6 million in those places. In the last financial year, we invested £83.1 million in those places. We have 54 priority places and have levelling up for culture places on top of that and we have a robust methodology to identify those. We are the Arts Council for the whole of England, and it is not about someone sitting behind a desk in London making decisions. It is about working with people across the country to enable them to be creative and to be participants in arts and culture but also to bring the best work to them on their doorsteps.



Q131 **Kevin Brennan:** When the Secretary of State was recently in front of us, I asked her a couple of questions. One of them was about the accusation I have certainly heard apocryphally that arts organisations are now, in effect, acquiring fashionable or unfashionable postcodes to look as if they are meeting the levelling up agenda whereas in reality they are not genuinely based and rooted in the communities that the levelling up agenda is intended to impact. What is your take on that?

Dr Henley: I saw that session and it is interesting. We had not published the guidance for organisations who were moving outside of London at that time so they would not have known what was required of them. There will be meaningful assessments of them working and operating in a place and that will be part of the criteria we look at. They would not be able to game the system in that way.

Q132 **Kevin Brennan:** Is there any danger that people might relocate themselves rather than being the genuine grass-roots-led arts and cultural revival in those communities and you create a carapace of culture but you do not end up doing something that is deeply embedded and rooted in the community?

Dr Henley: I think it must be embedded and rooted, as you describe. We will see two things. We have our National Portfolio Organisations application process, which is literally under way now. The portal has closed, and we are in the assessment process and will be announcing those at the end of October. We will see organisations there that are rooted in their communities. As a development agency we have been working over the last few years to develop those organisations. There will also be some that move to different places, and we want to make sure that they will deliver in those places as well, so it cannot just be a post box.

Q133 **Kevin Brennan:** I did also ask the Secretary of State about reports in the trade press that Arts Council England was potentially subject to Jacob Rees-Mogg's public bodies cull, and she responded that she did not think that was the case. Do you have anything further you can tell us on that?

Dr Henley: All arm's length bodies are being reviewed and we are no different from that.

Q134 **Kevin Brennan:** Are you being reviewed in the same way as every other public body? The Secretary of State suggested that as far as she was concerned there was no possibility of Arts Council England being abolished in this process.

Dr Henley: It is above my paygrade to make that decision. We will be assessed in the second year of this with other DCMS arm's length bodies, so there are the ones that are being assessed this year and then we will be next year. We have had many reviews. In my time, in the seven years I have been here, we have had the Taylor review. We will make the best possible case for Arts Council England. You would expect me to say that, but we believe that by having an expert and experienced set of people—



and we have nine offices around the country, 75% of our staff are based outside of London, so we are a properly devolved organisation already—we can work with people on the ground as a national organisation with a local footprint to enable that to happen and we will robustly make that case as part of that review.

Q135 **Chair:** Dr Henley, to stay with you for a few moments, you mentioned £83 million in priority places. Over what period and how would you define priority places?

Dr Henley: That is what we invested in priority places in the last financial year. That was an increase of £34 million. I went two years because of Covid, because it was so odd, and that was up 71%. We have 54 priority places, and we have a robust methodology, which we publish. It is not secret in any way, but it looks into things like multiple deprivation, levels of cultural engagement and the need and opportunity in those places. They are across the country. On top of that we have a set of levelling up places that we are working with to develop the new money that the Government have given us. If we can, we will prioritise those places for investment going forward.

Q136 **Chair:** How typically is this money invested in these areas? What is the means by which the money is transferred to them?

Dr Henley: It would be across a range of programmes so there will be a National Lottery Project Grant, which will be just small grants that people can make to individuals, and Developing your Creative Practice, which is aimed at individual creative practitioners. There will be a national portfolio. We are going into a new national portfolio, and I anticipate that will see change, but I cannot prejudge that process. We hope to see applicants from places where we have not had applicants before. That is a key objective for us.

Q137 **Chair:** To be very clear, do they apply to you for this funding, or do they apply to the National Lottery? You are saying “applicants”. When you talk about indices and how you define what the 54 priority places are, that is that they must apply first and then you decide if they are a priority place; is that correct?

Dr Henley: No, the priority places have been set. They are done, so it will be applicants within those places, within the individual organisations or creative practitioners.

Q138 **Chair:** Did you do the 54 priority places yourselves or did you rely on DCMS?

Dr Henley: We worked through that ourselves. There is a wider group that we work on with Government, which is levelling up the culture places, but one of the things we want to do with those initial 54 is to put Arts Council colleagues’ development time into those places, so we are trying to actively go out and develop on the ground cultural infrastructure.



One of the things I think is important is co-curation. It is not about us saying, "This is what you ought to have." We have a lot of experience in this with our Creative People and Places programme where we have co-curated on the ground in places where there was traditionally very low engagement and poor provision. We have just announced 11 new ones, places such as Rochdale, Crawley, Tilbury, Cumbria, Wigan, New Forest, Staffordshire Moorlands. Again, we are working around the country to develop that.

Q139 **Chair:** Mr Wilson, in your role at Historic England are you aware of these 54 priority places? Is this something where there is a read across with other organisations from the Arts Council to yourselves?

Duncan Wilson: We are working very closely with the Arts Council and the Lottery Heritage Fund and other small organisations on prioritisation within that framework.

Q140 **Chair:** To clarify, when you are talking about your high street schemes and so on, is that within the scope of the 54 priority placements?

Duncan Wilson: No, the high streets have a different set of criteria. As I explained, the high streets scheme was set up earlier but it is based on the same sort of factors to do with relative deprivation, economic need.

Q141 **Chair:** Am I correct in thinking that across the piece we have different places being identified as needing help rather than a more focused central approach? Is that fair?

Duncan Wilson: There is a central focus because we liaise very closely about working together on projects.

Q142 **Chair:** Liaising is fine, Mr Wilson, but what I am trying to understand here is exactly the degree to which you are co-operating with each other. Liaising does not mean a great deal. Are you aware of all 54 names on Mr Henley's list, for instance, and is that making any impact on your decision-making? Is there a read across between your organisations?

Duncan Wilson: There is, because we try to combine forces. There are different schemes with different criteria, but many of the places are the same. Where the places are the same, we work together very closely.

Dr Henley: It is because of our area structures. For example, our area director in Yorkshire will work very closely with the National Lottery Heritage Fund and with Historic England and they have a regular meeting. They are working on the ground in those places with key partners. The key partners will be local authorities but also universities, businesses and cultural organisations. We try very hard. There will be slight differences because the criteria are different and focuses will be different. Some places will have heritage as a slightly higher focus and others will have culture. One of the things for us with our 10-year strategy, Let's Create, is that we also are slightly agnostic as to what organisation is the best organisation to deliver. It might be a museum in



some place, and it could be a library service somewhere else, where we can make that investment and make a difference quickly on the ground.

Q143 **Chair:** Mr Stickland, I am aware that you are piggy in the middle there. Are you aware of these priority places and are you plugged into this in the theatre community or do you feel that you are slightly separate from this and that your approach is individually decided?

Tom Stickland: We are absolutely aware of the Arts Council priority places, and it is something that we look at. We are often advising organisations on fundraising strategies for their longer-term capital projects and these sorts of things, so it is important for them to gain this status in a priority place for those. We are aware of them, and it is something that we support them to make the most of. There are 12% of theatres in an Arts Council priority place in England.

Q144 **Chair:** Are they the ones that you are focusing on?

Tom Stickland: We do not specifically focus on any theatres. We respond and give advice to anybody who gets in touch. We get involved in theatres that have capital projects rather than necessarily all the theatres or targeting theatres who happen to be in priority places.

Q145 **Chair:** On capital projects, would you be able to supply to this Committee how many of those you have helped in the 12%? Would you know the number?

Tom Stickland: I would not know the number now. We are a statutory consultee in planning, so we have involvement in every capital project that takes place in theatre buildings. I am not able to tell you whether one was a small-scale thing or a larger scale thing across all those sites, but we advise around 150 organisations in a year and we achieve a good geographic spread in that. I expect a fair number of those are within the Arts Council.

Q146 **Chair:** Dr Henley, is Covent Garden one of your priority places?

Dr Henley: The physical place? No.

Q147 **Chair:** Why did you subsidise the Royal Opera House to the tune of £96 million over four years and you spent £83 million on 54 priority places across the country?

Dr Henley: Putting on opera is expensive as an art form.

Chair: It is indeed: £96 million over four years.

Dr Henley: The Royal Opera House employs something like 800 full-time employees in the cultural sector in the centre of London with much the same again as freelancers. There is something important there. For us, it is important that opera as an art form is supported, but we also very much want to make sure that we are supporting all the other art forms and across the music sector also we are putting more money into live



music venues, for example. That is something that has been a growth area for us. You are right, it is a large amount of money.

Q148 **Chair:** Yes, it is just over £100,000 per job for your subsidies to the Royal Opera House. Do you think you could be taken seriously in levelling up if you are spending this sort of money on the Royal Opera House over that period? We visited it as a Committee and, frankly, it is like the starship Enterprise in there. I have never seen such largesse and luxury in a cultural venue. It is almost like another world compared to the experience many of the members of this Committee will have with their local theatres, institutions and libraries. Effectively, does the levelling up agenda mean that you need to accelerate your move out from investment in areas such as the Royal Opera House and, therefore, to put that money into the local areas, the 54 priority places?

Dr Henley: One of the things that we are doing for the next investment round for National Portfolio Organisations is moving £16 million out of London in each of the first two years and then a further £8 million in the third year of this funding round. That comes on top of a move of money outside of London in the last funding round. Yes, we are moving money and there will be a reduction in the amount of money we are investing in London, and that will all go to other parts of the country and all the uplift that the Government have given us will also go to outside of London.

Q149 **Chair:** Do you think it is an embarrassment, Dr Henley, that you spend so much on the Royal Opera House at the time when we scabble around for as much money as possible for our regional theatres and our regional cultural institutions? Is it not just entirely incongruous that that money goes to this highly privileged institution, whereas we are looking to level up culture in this country?

Dr Henley: I think there will always be a mix. We need a capital city that punches on the world stage but levelling up is about increasing everywhere else. Within quite straitened times we have more money from the Government, and we are investing it outside of London.

Q150 **Chair:** I note the fact that you have instituted a 3% cut year on year in your funding for the Royal Opera House. Presumably from that you recognise the fact that the funding that keeps going to the Royal Opera House is deeply incongruous when you look at the levelling up agenda. Are you going to commit to continue to put more money into the priority places?

Dr Henley: We currently have a National Portfolio Organisations application process open and the Royal Opera House, all of our National Portfolio Organisations, will be applying into that and we will make decisions on that basis, which we will announce in the autumn.

Q151 **Damian Green:** Good morning, everybody. I will continue on that for a time, Dr Henley. Thank you as ever for your support of Jasmin Vardimon dance, a huge cultural success in my constituency.



You can cut statistics several ways and you have these 54 priority areas, but in the end the total value of grants in the north and south-west are significantly less than those in London and the south-east. Why is that? Is it just that the big national companies absorb some would argue a disproportionate amount of your budget? Is that why there is that geographical split?

Dr Henley: I think there is history with that, but also that is no excuse. Being funded in the past is no guarantee of being funded in the future. In taking Ashford as an example, we had a London-based company in Jasmin Vardimon and they moved there. To Mr Brennan's point, they had a meaningful relationship with the town and then we put a capital project in that will be opened in December and is an exciting home for contemporary dance in Ashford, which is a place that simply did not have that heritage beforehand. That is a very good example of where this can work.

I have been doing this job for seven years. Other than the Covid years, I spent 50% of my time travelling around the country and working from all our offices across the country. I think that is important. We need to level up. We want to have more for more people in more places. It is a direction of travel. I would like to go faster, but we are going as fast as we can.

Q152 **Damian Green:** Your written evidence says that you will continue to support cultural compacts and you want to set more of them up. Do you have the money to do that? Have the Government given you any promises that you will get the money to do that, if they are investigating your very existence in the future?

Dr Henley: We will do that from our existing budgets. The one area that we have not touched on, which is interesting and exciting new Government money that sometimes gets forgotten, is the cultural investment fund which was announced by the Chancellor. That is broken up into three areas. The first round of the cultural development fund put £20 million into Grimsby, Worcester, Plymouth, Thames Estuary and Wakefield. We have just announced the second £24 million tranche of that and that is going to Barnsley, Middlesbrough, Rochdale, Torbay, Stockport, Isle of Wight and Berwick-upon-Tweed. Again, these are places around the country where we can make a big difference.

On top of that, we have a libraries infrastructure fund that has put £5 million into 25 library services around the country to sort out some of the infrastructure challenges. Then there is the museum estate and development fund on top of that and that is another £19 million gone to 31 museums. There are further rounds of that. It is about £250 million over this period, and I think that will make a meaningful difference in those places.

Q153 **Damian Green:** Let us move on from geography to other aspects, because clearly the wider levelling up agenda means that the arts as



funded, not least through the Arts Council, need to reflect the full diversity in society. Under that general heading, can I ask about what seems a strange behaviour? The LGB Alliance was awarded by you a £9 million grant² to make a short film as part of the Jubilee celebrations. The film was interviews with gay men effectively celebrating the fact that their lives had got better over the 70 years of Her Majesty's reign. It was called "Queens" and the grant was made through the London Community Foundation. It was announced and then on the same day it was suspended by the LCF on the grounds that it said the LGB Alliance was "under investigation" by the Charity Commission for its charitable status, which is not true. Was that an LCF decision or an Arts Council decision?

Dr Henley: The grant was made by LCF, and that decision subsequently was made by the LCF as well.

Q154 **Damian Green:** Did you have any knowledge that it was going to do that? Did you put any pressure on it to do that?

Dr Henley: That went through its decision-making process.

Q155 **Damian Green:** The Arts Council in future would not have any problems with giving grants for appropriate projects from the LGB Alliance?

Dr Henley: If they are a constituted charity, they could make applications to us, and we look at the content of every grant application. They would currently qualify for that.

Q156 **Damian Green:** Do you need to be a charity to get an Arts Council grant?

Dr Henley: No, but it would need to be a constituted body. If it is a constituted body, it would qualify.

Q157 **Damian Green:** I ask this question because the wider context is that the LGB Alliance is one of the big victims of the cancel culture or attempted cancel culture from Stonewall and some allied organisations. You will be aware of the controversy of wider public bodies becoming part of the cancel culture, so I am hoping to have some reassurance that the Arts Council absolutely is not part of this cancel culture.

Dr Henley: For any legally constituted organisation that is entitled under our rules to make an application to us, that application will be considered absolutely fairly, and we will be looking at the artistic and creative content of that in the same way as we would any other application.

Q158 **Damian Green:** You do not operate any sort of blacklist?

Dr Henley: No.

Q159 **Damian Green:** I am aware that there will be members of your staff that are strong supporters of Stonewall and others who will take the other view. Can you guarantee that you operate artistic criteria and not any

² Correction: Grant awarded was £9,000.



political campaigning criteria when you give grants to people?

Dr Henley: We are not allowed to fund political campaigns. We absolutely would be looking at cultural and creative criteria.

Q160 **Damian Green:** You may be aware that the National Lottery has at the same time directly funded the LGB Alliance. I take it that means that they are an entirely respectable organisation that you would have no qualms about if they came with an application that fitted your criteria.

Dr Henley: As I say, any organisation that is there and legally constituted and can trade, absolutely it can make application to us.

Q161 **Damian Green:** Do you feel under pressure from the cancel culture atmosphere? Do you look in that context at any bits?

Dr Henley: I think everybody who is a public funder is aware that there are issues in society that have polarised views, and everyone is aware of those all the time.

Q162 **Damian Green:** Do you try not to make them as the forefront of any decision?

Dr Henley: We should be looking at the quality of the creative work and what it will do for audiences and individuals as the beneficiaries of that. Coming as I do from a private sector background, having worked in commercial radio for many years beforehand, we start with the audience. That is the most important thing—the audiences, the participants, the people going to see it and benefit from it—and work back from that. That should be an important thing.

Q163 **Julie Elliott:** Good morning, everybody. Mr Wilson, how are you measuring the success of heritage action zones in High Streets Heritage Action Zones programmes? That is a mouthful.

Duncan Wilson: We have a comprehensive series of metrics and part of the setup of the programme was that we were required to demonstrate how we were going to evaluate it. It is, of course, quite early still. With high streets we are two years into a four-year programme so the results—

Q164 **Julie Elliott:** Without going into too much detail, could you tell us some of the ways you measure them? Is the measuring working?

Duncan Wilson: Local engagement, the extent to which we have forged local partnerships, delivery of the stated objectives. Each scheme has different objectives, but they could include restoration of a building, growth of a cultural activity in a high street. All of those are different for each scheme, but they are set out at the beginning and evaluated. Overall, our figures show that £37 million of capital funding in the first two years of our high streets programme has generated £11 million of investment by local authorities and £61 million of investment from commercial and private sector partners. The amount of investment we bring into a place is a key metric.



Q165 **Julie Elliott:** Do you feel your monitoring and measuring is working and doing the job it is set up to do?

Duncan Wilson: Yes. As I say it is early days, but we are pleased with the results.

Q166 **Julie Elliott:** Your evidence calls for additional resources for the heritage action zones and heritage schools programmes but not the high streets programme. Is this because the extent of the existing funding is enough or is it that it has not worked? What is the reason for that?

Duncan Wilson: Our high streets programme has two years yet to run, and I am sure we will be looking at successor programmes as it draws to a close. It is a bit early to ask for more resource because we are midway through delivery.

On the other programmes, our education programme is incredibly good value for money, but it is slightly beset by needing confirmation from the Department for Education every year that it has a future. We are into an evaluation and bidding phase now.

Q167 **Julie Elliott:** Would you like to see that extended over a few years?

Duncan Wilson: I would. Now we have a situation where we must put our staff on notice every year that the programme might end, which is clearly not satisfactory. It delivers amazing results. We reckon over 10 years we have reached 1.5 million school children with that programme because of the way it is delivered, which is by training teachers, not delivering the programmes directly to children ourselves, and the teachers will then go on and continue the programme for hopefully several years in their area. We have some good metrics about engagement of local children with the history and understanding of their area as a result.

Q168 **Julie Elliott:** You have also called for additional funding for local authorities to meet their statutory obligations for conservation. Why is that? Do you think that local authorities are taking this area of work seriously, or do you think they simply do not have the money that they need, as in fact is often the case in many other areas?

Duncan Wilson: It does vary from authority to authority. Overall, the number of conservation officers declined by about 40% over about six years until just before Covid³. That expertise is lacking in a lot of places. We try to support local authorities by advice and training so that all their staff, including the general planners, not the conservation specialists, have access to good advice about conservation, but it is a struggle.

Q169 **Julie Elliott:** What more do you think the Government could do to support that function of local authorities?

³ Note by witness: Conservation officer numbers dropped by nearly 40% between 2006 and 2019.



Duncan Wilson: The Levelling-up and Regeneration Bill does stress the importance of heritage protection.

Q170 **Julie Elliott:** Does it give any money to that?

Duncan Wilson: I think that is being worked through. Clearly, local authorities do need more money to fulfil those obligations and we try to help where we can by providing a level of central support.

Q171 **Giles Watling:** Thanks to the culture recovery fund that the Arts Council of England has been distributing to various places, I know that two theatres in my local area have done very well. Fundamentally if you do not produce plays, it does not cost anything, and they are now richer than they have been in a long time. It is an extraordinary thing. I want to ask Tom Stickland about this. Your ethos is to support theatres. You have a fund that you can help rebuild or help with infrastructure projects. Has this culture recovery funding affected it in any way? It has been distributed widely.

Tom Stickland: It is important to note that the culture recovery fund money was intended and designed as survival money. In some cases, it may have created some reserves where there were not before, but it is only limited reserves that are good practice operating reserves that have been amassed in these organisations. The key thing is if not for the culture recovery fund and the job retention scheme we were expecting to see massive closures across the country over the last two years. It has been a lifeline for the theatre ecosystem. It is important that lots of theatres exist because to support a show you need a full ecosystem, a full tour, so without those we would have been looking at a very bleak future of multiple closures.

Early in the pandemic we were saying that only 25% of theatre organisations were reporting more than three months of reserves, so that was the bleak reality that we faced, and the culture recovery fund has brought us back from the brink. It has not put most theatres in a position where they are now cash rich. It is coupled with the fact that the recovery is not over. The audiences are not back to pre-pandemic levels and particularly in smaller and mid-scale theatres that recovery is slower, and we anticipate that it will continue to be a challenging time for theatres to continue to operate in that space. I do not think it has changed the reality of the fragility of the theatre business model.

The other thing to add to the mix is the additional cost of energy, which will hit theatres and a lot of them are now devoting big chunks of any reserves they do have towards covering the volatility of energy prices over the coming year or two. There are very energy-intensive buildings and also there has been a challenge in recruitment with many people leaving the sector because they were either freelancers who needed to find other sources of income—

Q172 **Giles Watling:** I was going to come on to recruitment and the



freelancers who fell through the cracks. How do you support them?

Tom Stickland: Our remit is about theatre buildings, so we do not have a connection with freelancers, but it is important. We appreciate that there is no theatre industry without the people who make these shows and increasingly technical specialists who may have worked in theatre for a very long time are going to TV and film or leaving the sector entirely. All theatres are reporting challenges in the recruitment of technical staff and some in hospitality staff, because they cannot necessarily offer competitive salaries in the face of the cost of living.

Q173 **Giles Watling:** It strikes me that there is a disconnect because you are dealing with the structure, and the structures are useless without these specialist people, so therefore there must be some joined-up thinking. It is interesting that the Arts Council England spent some £892 million of the £1.57 billion that was allocated by the Chancellor so therefore there is a long way to go yet. Is that enough? I suppose I am asking this of Tom. Is that enough?

Tom Stickland: There is a capital deficit in theatre buildings that over a long period, if we do not do something, the infrastructure will crumble. We identify that over the next five to 10 years there could be £1 billion of capital deficit, and we do not know where it is coming from. Theatre buildings are decaying. It is absolutely true that without the people there are no theatres, but if these theatres go, they are unlikely to be replaced. They are in prime town centre sites and there is unlikely to be an economic case for buying that land at another value.

Q174 **Giles Watling:** Your lines of communication with the Arts Council England must be open at all times. Are you constantly working together?

Tom Stickland: Yes, we work closely together with the theatre team at the Arts Council England to discuss all these things and have discussed our research into the capital with their capital team. There is a lot of communication.

Q175 **Giles Watling:** There are projected squeezes in Arts Council England and local authority funding. How have theatres responded?

Tom Stickland: The challenge is that theatres now have to explore new business models and look at ways in which they can cross-subsidise their business differently. For many of the small or midscale theatres there is not a business model that works purely on ticket sales and food and drink alone. They need to look at other groups to hire the space out to, or colocation of council services so that they can maintain the levels of subsidy required to keep the building operational. It will be a challenge particularly because of the slower return of audiences for those smaller venues, but that is what is on the horizon for these smaller theatres.

Q176 **Giles Watling:** Are you emphasising that theatres are the centre of community?



Tom Stickland: Absolutely. I was taking it as read that the theatres are important community hubs, and they can be a space for creation of identity of a place. A lot of people have nostalgic memories of their local theatre growing up, which influenced their feeling about a place, and what keeps people in a place and stops the brain drain or any of these other things that have led to this levelling up situation disparity of people leaving a place.

Q177 **Giles Watling:** I have a final question on this. Many theatres—I think 25%—are run by amateur groups. How do you ensure that they receive the funding?

Tom Stickland: This is an interesting area. Many of the amateur theatres' first taste of Government funding was the culture recovery fund. A lot of our advice over the pandemic was explaining to them how to go through those processes. There are vital opportunities for people to engage and in some smaller towns and villages that is your arts provision, the local am-dram, and they are extremely vibrant community hubs. Post the culture recovery fund they have begun to be alert to that there may be external funding available to them to do this thing, something that was not on their radar before. I think the community ownership fund is a very interesting option that has opened up because many of the theatres that are operated on that basis are owned by the local authority and the local authorities are in a position where they must consider if they can continue to pay the operating costs of a building. It is likely that smaller theatres are going to be at risk of loss if the local authorities can no longer support the capital works for them. A version of what currently exists in the community ownership fund could be very useful for that.

We have some concerns about it in its current form because of the value limits, meaning that they might not be able to afford the theatre buildings. You can only buy a building up to £500,000, and we would like to see more development for the groups so that they can gain the level of governance training and the sorts of things that will ensure that once these buildings are transferred they can sustainably and successfully operate them. It would be a disaster if there was a movement of shifting these buildings into the community, but then the community operators fail and the buildings are left to the open market. There needs to be some training to support that.

Q178 **Giles Watling:** Nobody can deny the value of am-dram in society and the centre of communities, but some might argue that being part of an amateur dramatic group is a hobby, like golf or bowls. Should we be funding it in the same way?

Tom Stickland: You fund recreational spaces for many of those things as well, so you are funding places where communities come together. That is the point. I am not saying they should be funded on a revenue basis for the creation of work. I am saying it is retaining an option for arts engagement. There are the people in am-dram and then there are the



hundreds of thousands of people who go to see them and have a sense of something happening locally, which is created locally by and for the local people with their voice.

Giles Watling: A point well made. Thank you.

Q179 **Clive Efford:** Thanks for coming to give evidence to us today. I will start with Tom, but this is something that all of you could comment on. The funding that we are talking about for all the organisations that you deal with was set before the cost of living crisis came along and particularly the increase in utility costs. We are increasingly told that there is an impact on organisations of increasing overhead costs and this is coming at a time when organisations such as yours, Tom, would be looking to sell more tickets, but of course the customers have been hit by the cost of living and their capacity to put up prices and sell tickets is being limited there. What is the impact on organisations that you are working with of the cost of living crisis and particularly the utility costs going up?

Tom Stickland: How theatres are affected by utility costs very much depends on where they are in their energy contracts. Some theatres I have spoken to have said that they are locked in for the next couple of years and they are fine, but others have said they are seeing potentially a tripling of their energy bills. One large theatre I spoke to was expecting additional costs of £200,000, which would be a 150% increase on what they are currently paying. That is a massive impact.

Q180 **Clive Efford:** Do you have any idea of what proportion that would be of their running costs?

Tom Stickland: I would not want to say, but it is a significant impact on organisations that are not recovering.

Q181 **Clive Efford:** What sort of support are you able to give or look to give? For instance, what would you say to the Government about the situation?

Tom Stickland: Certainty and insurance is what is needed by these organisations. I am not sure what form that takes. We have no designed policy. We appreciate this is a thing that affects not just theatre. It is a national issue. We do not have a solution to the energy crisis, but an understanding that these costs are coming at a very difficult time for these organisations and support via local authorities where possible to help mitigate that impact. Whether that is supporting local authorities to not reduce subsidy levels, because that is the reality they are facing. It is a multipronged attack of potentially a theatre that has been operating with £150,000 or £200,000 subsidy saying that is going away. Your costs are going up by a similar amount and also you are having to do extra marketing work to bring in audiences who are potentially less able to return due to the cost of living.

Q182 **Clive Efford:** You mentioned local authorities. For instance, ukactive works with local authorities for leisure centres, particularly swimming pools, which are very high cost for energy. They fear the closure of



leisure centres, particularly those with swimming pools. Do you fear the same in your sector?

Tom Stickland: I do not think that we are at quite the situation we were with Covid and with closures. Theatres have been extremely resilient over the years, and they find ways, but there is a risk of closure if the costs remain untenable. Many more prudent theatres have started already putting money into reserve to cover the volatility in energy, but over time that is not sustainable. They are cutting into their reserves to pay this, so there is a risk of closure if high prices of operating continue.

Duncan Wilson: There is nothing we can do about the short-term crisis that is affecting everyone, but we are looking at longer-term issues in the heritage industry where we are trying to help people through problems with supply, construction materials—inflation of construction materials is very marked—skill shortages, which again have a financial impact. We are doing a lot of work on trying to remedy that with some private sector support from the Hamish Ogston Foundation and other training programmes.

With climate change we are doing a lot of work on adapting historic buildings to lower energy usage. These are not solutions that will manifest themselves to help with the current energy crisis, but they are longer-term things that we can do to help people financially.

Q183 **Clive Efford:** Have you had to revisit any of the grant allocations that you have made in the light of the cost of living?

Duncan Wilson: We do look at requests for uplift, but our budget is limited. Our budget is not going up for specific schemes such as the high streets scheme that I mentioned earlier, so we must work within those means.

Q184 **Clive Efford:** Do you fear that any of those schemes will not go ahead because of these increases?

Duncan Wilson: If we have to deliver something with slightly lower scope because prices have gone up, we will be open to that kind of negotiation. We are not aware of any schemes that are halting for that reason.

Dr Henley: It is a challenge, and it is not just in the theatre sector. It is anybody with a large building, so museums as well, facing exactly the same challenges. We find that most of the organisations we put core funding into are charities, and so they have boards, and those boards will be making quite tough decisions. It is, as Tom said, decisions to say, “We may not be able to put money into that capital fund in the short term, because we have increased bills” but they may have to scale some of the work in a different way. For us, with all the investment that has gone in from the culture recovery fund to save these organisations, which has made a massive difference and has been very valuable, we need to



ensure that they continue to trade. That is a challenge when so many parts of what they pay for are going up.

I absolutely recognise some of the areas around staff costs as well in areas that you may not think are typical. I was talking to somebody who runs a museum and she said that her worry originally might have been losing a curator but now it is losing a sous chef. If they cannot have a chef, they cannot run their restaurant and their café, and therefore the revenue stream disappears.

I also recognise what Tom Stickland said about one of the brilliant things for our creative industries in this country is a lot of TV and film production coming here. A lot of those craft-based skills are taken from the theatre world as well, so there is a challenge there and that makes cultural education and cultural skills development crucial.

Q185 Clive Efford: Going forward, does it mean that we are going to get less for the money that you are able to allocate?

Dr Henley: Yes, that would be the economic case if the costs go up.

Q186 Clive Efford: Can I go back to an answer you gave the Chair earlier about the Royal Opera House? Sorry to bang on about this but it was £96 million for four years of funding, so £24 million per year. What proportion of the money that you spend in London is that?

Dr Henley: Rather than trying to make it up on the hoof, can I come back to you with the answer?

Clive Efford: As far as I can work out, you spend about £165 million in London. Would that be roughly right?

Dr Henley: That feels about right.

Clive Efford: So you spend 15% of the money you spend on London on the Royal Opera House?

Dr Henley: Yes.

Q187 Clive Efford: Wow, and London suffers because of that? That focus of funding—that big packet of money on the ENO and on the Royal Opera House—makes it look like London gets excessive funding and you are seen as a success taking £16 million away from London because of levelling up, so we are levelling down in London and levelling up elsewhere. Is that how we are approaching it?

Dr Henley: We have a finite amount of money and, under instruction from the Secretary of State, we have moved that money out of London. We have put all the new money we have received outside of London as well. Within London we still have an ecology, we still spend for our NPO budget around one-third of all the money we spend in the country will go to London.



Q188 **Clive Efford:** Will that be pro rata across the board? £16 million would roughly be 10% of the annual spend in London, so would that be 10% across the board? Would the Royal Opera House see a 10% reduction?

Dr Henley: We have not made that decision. All the applications have come in, so are being looked at now. Those decisions will be made over the summer and announced in October.

Q189 **Clive Efford:** Is it simply that success is measured by reducing spending in London? Is that seen as success?

Dr Henley: For me, success is having a vibrant cultural infrastructure in all parts of London and in all parts of England.

Q190 **Clive Efford:** Is it right that London should have money taken away from it because of levelling up? Were we spending too much in London? Is that what the problem is?

Dr Henley: London had a large proportion of the money that we had. I am not saying we spent too much, but with all the imperatives that we have for as large a number of opportunities across the country some rebalancing has happened.

Q191 **Chair:** Dr Henley, we have heard during this inquiry that there is, as in many sectors of the economy, a pressing shortage of skills in arts, culture and creative industries. You are nodding your head. Is this your experience from people who are applying for funding from you?

Dr Henley: Cultural education—and I have long written about this before I did this job—is absolutely crucial in every young person’s life. I met just last week with the specialist arts universities who provide a lot of that craft-based and skills-based training across the piece. It is important that we have those in the overall infrastructure in tertiary education. We think that absolutely we need to have craft-based skills, technical-based skills and these should be valued. I think that it is really important that cultural education subjects—music, dance, drama, art design—within schools is an important part of that, but also out of schools and 71% of our current national portfolio do work with schoolchildren and young people, and that is an important part. The sector is putting back as well.

When you talk to people who lead arts organisations or cultural organisations there is absolute agreement of the value of investing in the next generation. I think there is also a UK plc dividend in this. For a relatively small island we punch way above our weight in music, TV, film and literature and the visual arts. That is because of that long-term investment in that skills base, and it is important.

Q192 **Chair:** What are the biggest policy failings that you have identified as leading to this skills shortage?

Dr Henley: It is not for me to judge on policy failings, but where I have seen success is—



Chair: With respect, Dr Henley, you noted before that you wrote about this extensively. You surely have an opinion.

Dr Henley: My opinion is that it is really valuable.

Q193 **Chair:** We can all agree on that, but why is it we are in the position that we are in with these failings? We are asking you as head of our Arts Council to give us an opinion.

Dr Henley: I went to a primary school in Bradford that is Ofsted outstanding, which is led by a head teacher who has no greater budget than any other head teacher, but he has chosen in that school to put music and art at the centre of the curriculum. The model I saw put in place there is quite interesting, and it is a tough socioeconomic background, so not people with loads of money. He has taken secondary-trained specialist teachers and hired them part-time, two days a week and brought them in, in the arts and music, and then they have taken that knowledge and shared it out with the rest of the teaching staff. It seems to have worked well, so I was very interested in that model, which I had not come across anywhere else. I think those are the sorts of things that I am interested in seeing grow.

Q194 **Chair:** That still does not answer the question. Why do you think we have failed? How have we reached the situation where we as a cultural superpower, or at least we like to think of ourselves as such, have these pressing national skills shortages? You are the head of the national Arts Council England. Why have we reached this place?

Dr Henley: One of the things we must do is to value the humanities and cultural subjects in society. That is a very important thing, and I am not sure they are always valued as much.

Q195 **Chair:** Basically, you think that we have undervalued our own culture. Do you think that has come from a governmental level? DCMS is the ministry for fun. It does not punch its weight in Whitehall. We have already said that many times in different reports.

Dr Henley: My experience of working with the DCMS is that the Ministers are incredibly supportive.

Q196 **Chair:** That is not the point though, is it? Ministers are supportive, we know that, and we know that the DCMS officials are very capable in many different areas. The point is whether DCMS is, frankly, taken seriously in Whitehall.

Dr Henley: I can only speak as I find, and for me it is, but I am not a Whitehall inhabitant. That is not my background. For the work I do with DCMS we have a lot of support, a lot of encouragement and a lot of direction and Ministers do go out and fight for that. We received an uplift from the Chancellor this time and that is a positive thing for investment and there is new money coming in. Sure, I would always argue for more money because we know the need is out there, but we also know that



these are straitened times and Government will have to make decisions about that.

Q197 **Kevin Brennan:** Aren't we just dancing around the obvious here? Anybody from the arts sector or cultural sector watching this session and watching you give evidence, Darren, would be shouting at the screen at this point, thinking that it is obvious that since 2010 the Government deliberately, as policy and educational policy, has devalued and disinvested in the arts and humanities subjects, in music and in art and so on and we are starting to see a skills issue because of active Government policy in the education sphere. Is that not the case and are you just understandably perhaps a little bit reticent to admit the bleeding obvious?

Dr Henley: I will always advocate for that investment, and I absolutely see the value of it. I do not work for DFE, although we have music education hubs that we created, and they are doing a brilliant job.

Kevin Brennan: I rest my case.

Chair: Duncan Wilson, Tom Stickland and Dr Darren Henley, thank you very much for your evidence today. That concludes our first panel.

Examination of witness

Witness: Lord Parkinson of Whitley Bay.

Chair: This is the Digital, Culture, Media and Sport Select Committee. This is our second panel today into the levelling up of culture and this is our panel with the Minister. We are joined by Lord Parkinson, Minister for Arts, Digital, Culture, Media and Sport. Good morning and thank you very much for joining us today. We will go to Clive Efford with the first questions.

Q198 **Clive Efford:** Welcome. I believe you heard my question to the previous panel about the increasing utility costs and its impact on sporting and cultural institutions. It has also impacted on their capacity to generate money through income because the people they are trying to raise money from are also impacted by the cost of living and utility costs.

You will be aware that ukactive, for instance, has written to the Government about its concern about leisure centres. We heard from our previous witnesses that they are concerned about the organisations they deal with and the impact the spike in utility costs is having on them. What are you able to do as a Minister to assist organisations at the grass roots—cultural and sporting institutions—with this crisis that has hit them that they have not been able to anticipate or budget for?

Lord Parkinson: As the previous witnesses noted, this is affecting households, businesses, organisations right across the economy, but it is coming across very clearly. I was on a theatre visit in Kent on Friday and



the people who run the organisation there mentioned it and talked about how they are monitoring and reducing their electricity costs. As your previous witnesses note, the sector is doing that anyway. For environmental and cost reasons there is a greater awareness of sustainability. It is not just electricity costs but there is inflation in materials for building set designs that the sector has been monitoring and addressing.

I get out and about, talking to people across the sector. We are talking directly to organisations and representative bodies to monitor it. You can see the measures that the Treasury and colleagues from across Government are taking to help businesses and organisations in general, but we are marshalling the evidence to make sure that specific sector needs are taken into account as well. This is something affecting businesses, organisations and households across the country.

Q199 Clive Efford: It is affecting everyone, but specifically here you heard they were concerned that ultimately there could be closures, and ukactive has indicated there could be closures in leisure centres, Marshalling the facts is all well and good but with a view to doing what?

Lord Parkinson: I hope you and the sector can see we did exactly the same in the face of the pandemic. We marshalled the facts, and we built the culture recovery fund, the largest ever investment in the arts that has given more than £1.5 billion to more than 5,000 organisations. Where we need to intervene to help, we have recently. The Chancellor has taken action to intervene to help household budgets and will continue to look at what needs to be done, while recognising this affects organisations right across the economy.

Q200 Clive Efford: Do we take it from that that you think some form of intervention may be needed? I am not asking you to commit to it today, but it is a possibility in the future.

Lord Parkinson: We monitor it. We do not know how long this will go on. It is affected by the situation in Russia and Ukraine, which is another factor. We do not know when those pressures will alleviate, but across Government colleagues are looking at the effect the rise in energy costs is having on households, businesses and organisations. In DCMS we are focusing on our sectors to make sure we are collecting that data and feeding them into the thought process across Government.

Q201 Simon Jupp: Good morning, Minister. Across the United Kingdom we have varying different levels of local government, and local government is key to delivering the levelling up agenda and making sure arts funding is delivered to the right places with the right priorities. Are you confident that local councils have the infrastructure, knowledge and strategy to deliver what you see as your vision for the arts in different regions?

Lord Parkinson: Yes. I have spent much of the last month visiting the four shortlisted places to be the UK city of culture. It was very clear that the places that did well in that competition were places where there was



a very strong chief executive of the local authority and strong leadership from councillors. We had the largest ever competition, 20 entrants from across the UK this time, and that experience and knowledge is percolating across local authorities.

I hope other local authorities that have not taken part can see the benefits that the places that have participated have had, not just those who have gone on to win. Sunderland is a good example of a local authority that did not win the title but is very proud of having taken part and has seen real benefits in the partnerships it builds between local authorities, local businesses, other agencies and just putting culture front and centre.

Through initiatives like that, which we support, we are helping to spread the best practice. We are also pleased to see the Local Government Association is doing its own inquiry into the importance of culture. Lord Mendoza, our Commissioner for Cultural Renewal and a former non-executive director at DCMS, is sitting on that LGA inquiry. I have had meetings with the LGA and metro mayors. We are always making the case and pointing to good examples to encourage others but, happily, the good examples are growing in number.

Q202 Simon Jupp: Do you see a big difference in the cultural strategies that local councils have? In my county of Devon, we have a two-tier authority with a county council and district council and two unitary authorities as well. It is quite a complex picture. Are you confident that all those councils can deliver if you gave them the opportunity to do something, to give them the cash or the opportunity to apply?

Lord Parkinson: They should be different. Local authorities are best placed to reflect the cultural scene.

Q203 Simon Jupp: Should it be their priority?

Lord Parkinson: Yes, I think it should be a priority for local authorities. The very first council leader I met in this job was Sir Richard Leese in Manchester. I think he has moved on now, but he made very powerfully and clearly the point—and he is from a different political party to me—that during the pandemic he did not cut cultural funding because he knew that he would be topping that up in the education budget and health budget after the pandemic. It always pleases me to hear local authority leaders saying things like that, making that case to their colleagues across local government because their experience rings true.

Q204 Simon Jupp: Some chief executives and local leaders may not think of culture as a priority when they are struggling with falling budgets. Would you support, for example, a statutory duty for councils to support cultural infrastructure in their areas?

Lord Parkinson: I always prefer to see things happen organically rather than as a statutory duty. It is much better to see people getting it and that being reflected. One of our key jobs at DCMS is to make the case for



culture through what we do as a national Government but also in making the case to colleagues in local government and at every tier, to show how it can be really transformative and so quickly in regeneration.

Q205 Simon Jupp: You point to good practice in some local authorities but if it continues to be discretionary some local authorities will continue not to treat this as a priority, will continue to see it fall down the list as their list of woes continues to grow. Therefore, those areas might miss out, so levelling up will not be applicable to them in a cultural sphere.

Lord Parkinson: Generally there is a number of pots and opportunities where central government can directly fund initiatives. Usually those succeed where the local authority is involved and fully supportive, but if there is a brilliant organisation with a local authority that is not as engaged, it can still come directly to the Arts Council or DCMS for funding. Generally, we have seen it works better when everybody is engaged, not just the local authority but local businesses, the groups themselves, working across the sector. Examples like the city of culture competition help make that case and I hope make it to local authorities that are watching and saying, "We could do that".

Q206 Simon Jupp: Do you ever intervene with local councils to encourage them to think about a cultural strategy? There are councils up and down the country that have cultural landmarks that perhaps take it for granted, as we all have in the last.

Lord Parkinson: We speak to them. We encourage them to take part in the City of Culture competition, to bid for the cultural development fund through bodies working across the country. You have heard from Dr Henley about the Arts Council priority places, its creative people and places programme that is trying to build up the ecosystem in parts of the country where it needs to be built up. We are working proactively to try to foster that in places where historically, whether that is because of the local authority or for a variety of reasons, it is not as strong as it could be. We are making the case. It is encouraging rather than coercing.

Q207 Simon Jupp: You mentioned metro mayors in an earlier answer, and nine parts of England are currently looking at devolution deals of their own. Culture is never part of that devolution deal. It is like an added extra, it seems.

Lord Parkinson: The metro mayors I speak to certainly get it. Andy Street is hugely engaged with DCMS at the moment through Coventry city of culture, which has unlocked £500 million of regeneration working with the mayoral combined authority as well as the local government in Coventry itself. We have the Birmingham Commonwealth games and the cultural programme that sits alongside that. It is cross-party as well. Tracy Brabin comes from an arts background and is a great evangelist for it. I have seen the support she is giving to Leeds.

Q208 Simon Jupp: Would you like to see a greater emphasis on culture in those devolution deals? We have nine opportunities across England to



encourage local decision-making, giving local powers and more funding to more places, but culture is rarely featured. Do you think that should change?

Lord Parkinson: I would like to see culture built into local strategies, yes, absolutely. I see where there is good, strong leadership, be it from a metro mayor or a local authority, I can see that flourishing and taking off. The arts are mentioned in the second line of the levelling up White Paper and I am very pleased to see it deeply ingrained in thinking across Government.

Q209 **Damian Green:** Good morning. Let me return to the subject of money. You rightly draw attention to the culture recovery fund, that was essential, necessary. The Department did well to get it up and running. Looking longer term, particularly the phase we are now in, back to something like normal, it is clear that with all the discussion about local authorities and so on we know that local authority budgets have been massively squeezed over the past decade and more. Even if they are willing to play a full role in regeneration through culture, many of them are unable to do so. Are you worried that whatever you do at the national level, local authorities are not in a financial state to play the role they need to get cultural regeneration in their areas?

Lord Parkinson: Local authorities are still very important funders of arts and culture, hugely significant, giving more than £2 billion in the last financial year. I hope they can see, in initiatives like city of culture and schemes like the cultural development fund, the money and work they put in, the commitment they show, unlocks investment, whether that is from central government or private philanthropy, as Coventry is showing that the inward investment of being the city of culture has driven there. It is not just about the money they spend as a local authority. It is about the partnership working that is encouraged, the case they are making for investment in their communities, and the benefits that accrue.

Q210 **Damian Green:** One presumes that all those areas, including the private sector who can use it to lever in money from outside, will be under the same pressures. There is some basic stuff we were discussing earlier about heating costs and so on. Do you not fear that, from whatever source, we have had, weirdly, relatively fat years of the culture recovery fund and we are now going into the lean years?

Lord Parkinson: The reason we had the culture recovery fund is because the Government know the importance of arts and culture, not just for their own sake but for our well-being and social cohesion. Local authority leaders know that. I mentioned Richard Leese but many others would say the same thing. They know that investing in arts and culture is particularly important in challenging times because it saves money in the education and health budgets because you are helping to solve or avoid other social problems. We make that case directly to local authorities. We are pleased to see the LGA and others having the inquiry to make that case across local government as well.



Q211 **Damian Green:** Looking at the macro picture, you are being asked to model staff cuts, as the whole of Whitehall is and arm's length bodies. Are you being asked by the Treasury to model spending cuts as well for the years ahead?

Lord Parkinson: I don't know. The Secretary of State will set the budget for the Department, but the funding round that is going on at the moment for arts funding to the national portfolio through the Arts Council is a larger pot. It is £43.5 million extra that we secured at the spending review, so it is an increase on the previous round.

Q212 **Damian Green:** You have not started looking forward to the next round?

Lord Parkinson: No.

Q213 **Damian Green:** One of the paradoxes is that the Treasury is institutionally philistine, even though many people who work at the Treasury are some of the most enthusiastic consumers of high culture, which is often expensively subsidised.

Lord Parkinson: I hope you see from the Chancellor and other Treasury Ministers, through the culture recovery fund, the commitment to arts and culture that the whole Government have demonstrated recently.

Q214 **Damian Green:** You think you have cured the Treasury.

Lord Parkinson: One of my predecessors, John Glen, is a Treasury Minister now and I am able to speak to him directly, both with his DCMS and Treasury experience.

Q215 **Damian Green:** It would be an interesting shift if this is made permanently. As the Chair mentioned earlier, there is a long-standing feeling that DCMS is a small Department, that in the end we all believe hugely in the value of the sector it oversees, but inside Whitehall it tends not to win big battles because health and education always win.

Lord Parkinson: We have six Bills in the Queen's speech, and I am aware of that as the Lords Minister who will take them all through the Upper House. It is London Tech Week and the Prime Minister has spoken to welcome delegates there. DCMS is taken seriously across Government. It is growing in its output. Officials are working phenomenally hard to deliver it all. When I was an adviser in Government, DCMS changed its name to add "digital" in an ugly way that mixes adjectives and nouns, but that reflects the growth in the work and output of the Department. It is doing more. We see that in the Bills in this session but also in the programmes we are running and the difference it is making on the ground.

Q216 **Damian Green:** You say your officials are working hard and everything you said I welcome. Are they still working from home?

Lord Parkinson: A mix, and I am very relaxed about it. As a Minister speaking to people in arts organisations, parliamentary demands mean my diary changes at the last moment. If someone is coming down to see



me from Tyneside or Merseyside, I feel much less impolite having a digital meeting that they can do at their convenience from their desk than asking them to come physically to the Department in Whitehall. That applies also to the officials who work around the clock. Press a button and they appear on the screen. I think it is a very convenient way of working.

Damian Green: You do not agree that—

Lord Parkinson: The Secretary of State has responded to Jacob Rees-Mogg's calls. We have lots of people working in the Department, but during the Jubilee weekend just gone we had an awful lot of people working very hard, some in London and some from home, to deliver a fantastic weekend of celebrations across the UK.

Q217 **Damian Green:** One last question on another subject. I did not see when you came in, so I do not know if you heard my question to Darren Henley about cancel culture and all that. Can we have a reassurance that departmental Ministers do not want cancel culture to take over?

Lord Parkinson: I followed the specific case you raised with Dr Henley. It is complicated because it is two steps removed because of the London community fund that delivered it. I think it is important that we make the case for pluralism. The arts and culture are where we have important conversations. They are better when they are at their broadest and most diverse. On thorny questions like the trans debate, it is important that people who feel they have something to say, feel they have an experience to share and a story to tell, are able to do it and all those stories can be heard. The answer lies in addition, not subtraction.

Q218 **Julie Elliott:** Good morning, Minister. Bradford has recently been announced as city of culture 2025, and I am very keen on the city of culture. I am a big fan of it. However, it has been announced that Bradford will receive £275,000 as initial seed funding and when we compare that to the £18.5 million, £7 million from DCMS, that Coventry received directly, it seems not a lot of money. Is there a move to cut funding for city of culture? Will any future funding for Bradford aim at creating a sustainable legacy?

Lord Parkinson: No, in terms of cutting funding. The £275,000 of seed funding was directly in response to a recommendation from this Committee that people should enjoy the benefits of winning the title from day one. I went to Bradford the morning after the announcement had been made on "The One Show" and I could see the excitement there. The people from the bid team were telling me that the phone was ringing with hotels and restaurants who had shown their support now wanting to have concrete conversations about inward investment from the private sector too.

We wanted to make sure, in response to your sensible suggestion, that people could take advantage of it from day one as well as giving



£125,000 to each of the runners-up so they could take forward some of the work and plans they had identified. In each of the previous winning cities, the £15 million to £18 million that they have had has come in stages throughout the lifetime of the programme, working with DCMS and the Treasury to look at the business case for specific parts of the project.

In none of the instances was it given as a one-off lump sum. It is project based and the cities need to have the opportunity to say, "This we can now fund from private investment so we have had interest expressed in this bit, but we would like to talk to you about this element of it." We have started those conversations with Bradford to talk about the specific plans in their bid, what they want to take forward and at what stage, but we have given them £275,000 as seed funding so they can get going on some things that are ready to go.

Q219 **Julie Elliott:** You have talked about the money being project based and moving through. Will any grants given prior to Bradford be counted in the city of culture funding negotiations as we move forward?

Lord Parkinson: We have given £4 million from DCMS to the regeneration of Bradford Live, the live music venue. I went to see how that is being spent with my hard hat on and saw the work being done. They had that separately from bidding for the city of culture but Bradford Live is part of their plan. We will talk to them about existing and previous investment, but we also want to talk to them about new investment for the plans, not just from Government. We want to make sure that they are learning the lessons of Coventry, Hull and previous winners to show how they can leverage that and get investment from private companies, business and other foundations. The wonderful story of the city of culture competition is that it has brought investment and new job opportunities from a variety of sources.

Q220 **Julie Elliott:** Can I push you slightly on that? You have mentioned £4 million to Bradford Live. Will that mean Bradford can expect perhaps £14 million as opposed to £18 million? Will it be counted or not?

Lord Parkinson: No, that is not how it works.

Q221 **Julie Elliott:** You also mentioned £125,000 to runner-up bidders, that I welcome, and I am sure the Committee welcomes. As a runner-up city you mentioned, Sunderland, we have carried on a lot of the things we were going to do without that money. What can you expect reasonably from runner-up cities for £125,000?

Lord Parkinson: I had a roundtable with all the bidding cities that were knocked out at a previous stage as well, and the team from Sunderland joined that call to encourage them to take forward their plans. Hull joined as a city that had bid initially, did not win and came back and bid again. Some might choose to take forward their bids and enter the competition for 2029. Some might choose to follow Sunderland's example and do their own thing.



It depends very much on each of the areas, but I look forward to talking to them. As I went round, one reason I wanted to visit the shortlisted places was to see them before the judging panel made their decision to ask them what they would do if they do not win the title. They all pointed to individual parts of the projects they would take forward and they all pointed to the great benefits of that galvanising effect of the competition, because it had put them in touch with people in their own city that they had not worked with before. It has put culture in the mainstream and that is why we are so supportive of it as a programme.

Q222 Kevin Brennan: You mentioned you are a Minister in the House of Lords with six Bills coming down the line. What is your view of the Salisbury convention?

Lord Parkinson: The Salisbury-Addison convention. It is an important convention that—I have only been in the Lords a short time—has largely been upheld.

Q223 Kevin Brennan: Are you in favour of it continuing to be upheld?

Lord Parkinson: I am a Tory. I am in favour of operating by convention.

Q224 Kevin Brennan: In a nutshell, the central tenet of the Salisbury convention, that was developed, as you know, after the Second World War when Labour was in office but facing a built-in Conservative majority in the House of Lords, is that the House of Lords should not prevent a Second or Third Reading and should not prevent Government Bills from becoming law. There was one exception to that built into the Salisbury convention, was there not?

Lord Parkinson: You test my historical knowledge to remember what it was.

Kevin Brennan: The exception to that was where that Bill was not specifically outlined in that party manifesto before the previous general election. With your background in the Conservative research department and various think-tanks and Brexit campaigner and parliamentary wannabe and all the rest, you can probably guess what I am getting at. One of those Bills you have coming down the line, the forthcoming media Bill, contains the proposal to privatise Channel 4, which is a highly controversial proposal and was not included in the Conservative party manifesto.

Would your loyalty to the Salisbury convention include acknowledging that your fellow Members of the House of Lords would have every right to take a different view of that particular proposal than they might of the other Bills you might be steering through the House of Lords?

Lord Parkinson: The Salisbury convention is there to make sure things that are in a party's manifesto are not obstructed by the unelected House. I think that is important, but it has never, from the time of Salisbury and Addison, been the case that means it restricts



Governments from reacting to things that happen during the life of Parliament—most notably in this Parliament, the pandemic—that was in nobody’s manifesto and could not be foreseen.

Q225 Kevin Brennan: Are you saying that the pandemic is the reason why the Government wants to privatise Channel 4?

Lord Parkinson: No, but I am making the point the Salisbury convention is not exclusive. The Government have been clear about their intentions to change the ownership of Channel 4. When the previous Secretary of State issued the consultation and the call for evidence he made clear that we were minded to do it. The Secretary of State has looked at the responses and taken that decision. The Bill will come forward. There will be a range of views in the Lords—as there should be—but whether or not it was in the manifesto. I think the unelected House should always be very mindful of the views of the elected House, which is accountable to the electorate.

Q226 Kevin Brennan: It is, and you are quite right, Governments can and do introduce measures as they respond to events during a Parliament, is the way you put it, but they are free to introduce measures. But is it not a central part of the Salisbury convention that where they have not included a proposal in their manifesto, and that proposal is not genuinely caused by an emergency like the Covid pandemic or anything of that kind, that the House of Lords has by convention—a convention you say you respect—felt freer to put up a greater resistance to measures of that kind particularly where those measures are highly controversial? In the public consultation I think eventually we got the Secretary of State to admit that, even when you strip out the clicktivism campaigning that goes on around these things, the privatisation was not a popular proposal with many people at all, except perhaps those who will enrich themselves from it.

Lord Parkinson: In my limited experience in the House of Lords, the Lordships have shown strong views about Government legislation, whether or not it was in the Government’s manifesto. I think we had in the last session the largest numbers of defeats for the Government, apart from the Callaghan Government of 1974 to 1976, but it is important that the unelected House does, in the end, give way to the elected House, which is accountable to people making their views known at the ballot box.

Q227 Kevin Brennan: Under the Parliament Act it does have to give way but only after the House of Commons has introduced the exact same measure with the exact same wording and a period of 12 months has elapsed. Would not the House of Lords, in this instance, under our constitution be perfectly entitled under the Salisbury convention, under our constitution, to do exactly that?

Lord Parkinson: I have been making the case to the House of Lords, as colleagues in the Commons have been making their case to you and your



colleagues, that a change of ownership is the right thing for Channel 4 because it helps it to have the investment that it needs to compete against a thriving independent sector.

Channel 4 was set up before I was born to help stimulate commissioning from the independent sector. It has done that brilliantly, so well that we have a thriving independent production sector, but the cost of those independent productions is going up because there is appetite from the Netfixes, the Amazons and others. That is why we need to look at the next 40 years of Channel 4 and make sure that it has the investment, the access to the cash that it needs to continue to do that for the next generation. That is the case we will be making, and I hope it does not need the Parliament Act to have to—

Q228 **Kevin Brennan:** In a nutshell you are saying that Channel 4, as a publicly owned institution, is too successful so you want to privatise it. I suspect you would be sitting there, if it was unsuccessful, and making exactly the same argument.

Lord Parkinson: I am saying it has been very successful at what it was set up to do in 1982, but that was 40 years ago.

Kevin Brennan: It has been very successful about what it is going about now in 2022, as you know from the record figures last year. But I am not going to push it any further because I do not want to indulge your patience.

Chair: I thought we had just stepped into the Constitution Committee there.

Q229 **Giles Watling:** Thank you for coming today, Lord Parkinson. It has been said that the privatisation of Channel 4 would end Channel 4's business model of relying on smaller independent production companies to produce its programme. How do you answer that?

Lord Parkinson: No, the smaller independent production companies, that are privately owned, are in such demand from companies like Netflix, Amazon and global streaming companies that the costs that they can charge are going up. We need to make sure that our public service broadcasters have the means to be able to afford continuing to commission brilliant independent British productions from across the UK. As Mr Brennan says, Channel 4 is doing very well, that is why it is an attractive asset to any buyer, but we are looking not just at now but the years ahead to make sure that it continues to still have the means to be able to do that and compete in what is happening.

Q230 **Giles Watling:** As far as you are concerned that production model will continue in privatisation.

Lord Parkinson: Yes.

Q231 **Giles Watling:** It has also been said that it will have no legislative duty to nurture new talent or reflect diversity in the UK.



Lord Parkinson: When the particulars of the sale are set out, and colleagues in DCMS will set out precisely what the expectations of the broadcaster are under its new ownership—but on the point about independent commissioning, when Channel 5 was sold the proportion of independent production that it commissioned went up. The change of ownership does not mean a threat to commissioning from the independent sector.

Q232 **Giles Watling:** It has been said that the proceeds of selling Channel 4 will give it a chance to compete, as you said earlier, with Netflix and the likes, but how will it be reinvested into the levelling up of the creative sector?

Lord Parkinson: The Secretary of State and Julia Lopez have announced that some of the dividend of the sale will go to addressing the skills shortage, which you covered in the previous session as well. The creative economies are growing so quickly—by more than two and a half times as quickly as the rest of the economy before the pandemic—there are increasing opportunities for people to work in this fast-growing part of the economy. We need to get more people into them. I am seeing in my area how, as Dr Henley explained earlier, people are being tempted away from live theatre to go and do the backstage jobs, the costume design, the wigmakers, the lighting technicians, to do equivalent jobs in film and television, partly because it opened up a bit more quickly out of the pandemic and partly because of this rapid growth.

There is not a finite number of jobs. We want both of these bits of the sectors to grow, and we want to see more people, school leavers, university leavers, apprentices, coming into them and seizing those opportunities. Part of the dividend from the sale of Channel 4 will help fund the skills in film and TV.

Giles Watling: There might be a large move back into live theatre as well.

Lord Parkinson: Some people will move back because they have a love for live theatre. It is their first love. As you mentioned earlier, it is how so many people get into it, but I hope also new people will come into live theatre and we are looking at setting up a creative education plan. It is 10 years since Darren Henley led a review of cultural education. We want to make sure that schools, universities, apprenticeships, are encouraging people to pursue careers in the arts as well as the creative industries.

Q233 **Giles Watling:** How do you address concerns that privatisation will take the incentive away from commissioning in the four countries and out in the regions?

Lord Parkinson: It is one of the things that makes Channel 4 what it is. It is one of the things that makes an attractive asset. It has a cross-UK pan-regional appeal. It has a strong audience base. We think that makes it a strong asset for a potential buyer.



Q234 **Giles Watling:** Finally on a general point, you were talking to colleagues earlier about local strategies for the arts. As a national strategy nobody would deny that theatre, since the time of Shakespeare theatre, and the creative arts of this country are an incredible projection of soft power across the globe. Do you find as a Minister that you are swimming against the stream when dealing with this current Government?

Lord Parkinson: No. The culture recovery fund shows how seriously arts and culture were taken by the Treasurer, by No. 10, right across Government, in the face of the gravest threat to live performing arts in our times.

Q235 **Giles Watling:** When you are making the case for the arts you are pushing against an open door?

Lord Parkinson: Yes. We have strong supporters across Government, and I hope people see the culture recovery fund—the more than £1.5 billion that it has given to more than 5,000 organisations—as evidence.

Q236 **Chair:** To follow on Clive's point, you say you have people across Government looking to promote the cultural sectors. Obviously it is a huge part of the UK economy, as we know, but as you reflected in the first session we discussed the skills deficit and there was a relationship drawn between that and a change in curricula from 2010 onwards. How are you finding the relationship with the DFE in encouraging skills in schools that are necessary to push forward our cultural sectors, which are such a huge boon to our economy?

Lord Parkinson: It is good. From my background working as an adviser at the heart of Government, I know people across Government, I know how Whitehall works and I have a good relationship with particularly Robin Walker, who is my direct counterpart at DFE. We are working together on the cultural education plan, as we are on the national plan for music education, which we will be publishing this month. We are jointly working on how both DFE and DCMS can help advance these causes. My predecessor who was Lords Minister at DCMS is now the Lords Minister at the DFE. We share an office here in Parliament. We have a good close, working—

Q237 **Chair:** What about prior to Robin Walker's tenure? I have experienced it myself trying to promote, as the chair of the APPG on financial education for young people. We got it on the school curriculum but only 4% of schools do it. We found that prior to Robin Walker's tenure that anything that did not involve strictly the three Rs barely got any house room at the Department for Education.

Lord Parkinson: That pre-dates my time working closely with the DFE.

Chair: But you were in the heart of Government.

Lord Parkinson: But not working on education policy. Certainly in my time as Minister, I have good fruitful meetings with Robin.



Q238 **Chair:** You were at the very heart of Government but not in operation. I think you can pass comment on what it was like prior to Robin Walker's tenure. I found Mr Walker to be very open to an idea of expanding the remit of schools in this country. But during your time at No. 10 surely you noticed, as we all did, that anything that did not involve the three Rs was given very little house room at DFE.

Lord Parkinson: There has been a focus on core skills, which has driven up those core skills, which are essential—

Chair: To the detriment of skills that benefit the cultural—

Lord Parkinson: Literacy and numeracy are so important in whatever profession, whatever vocation people are drawn into, and it is absolutely right that we took action over the last 12 years to drive up what was a lamentable state of affairs when we came to office. But it is important that we see and people hear the value of cultural education as well. That is what we are trying to reflect in the cultural education plan and the national plan for music education.

Q239 **Chair:** The cultural education plan is effectively a recognition of failure before.

Lord Parkinson: No, it is a recognition that, as Darren Henley and others put it in your previous session, it relies very much on particular teachers getting it and making the case. They do not necessarily have to be teachers in—you do not have to teach art in art class or music in music classes. I am a historian by degree. When we talk about digital literacy and equipping people to be sceptical about what they read in newspapers, the media they consume, looking critically at art works is an important way of doing that. If you study art to GCSE, you can build that into English literature or into history.

We see in lots of schools enlightened teachers who are using the arts and culture as a way to demonstrate that in lots of other disciplines. What we want to do through the cultural education plan is show that best practice, encourage others to do it so that we can focus on increasing the core skills as well as equipping people with a cultural awareness that they will need, whether they choose to pursue a career in the arts or not.

Q240 **Chair:** Minister, you were here for the entire first session, which we are obviously very grateful for. It is very good. Probably being in the House of Lords, despite having six Bills, allows you the latitude to be able to sit in on sessions before but I think that is to be commended, that you were here listening to the previous panel. The witnesses—I think you would agree it is fair to say—were woolly about the joined-up nature of levelling up, exactly what sort of communications they were having with each other and precisely what sort of joined-up thinking there was in revolving around the 54 priority places across those organisations. Does that concern you? Do you think that there is room for improvement across these organisations in zeroing in on the areas that need to have joined-up thinking between, for example, Historic England, Arts Council and



different parts of our cultural space?

Lord Parkinson: I don't think they were woolly. I see them working closely together. Although Duncan Wilson in Historic England works on heritage—Nigel Huddleston is the Minister responsible—I see him very frequently when I am out visiting projects as Minister for Arts, not least in Coventry, the city of culture, where heritage and the built environment has been such an important part of the regeneration work there.

As they say at their own regional levels, the regional directors have good strong working—as well as listening into the session earlier, I looked at the evidence that you have heard already from local government leaders. You can see people like Abi Brown in Stoke who are calling meetings and asking them to come at the same time, which is a very sensible thing to do. There is strong partnership working and it makes sense for local authorities to be speaking to all of the arm's length bodies and to think about those partnerships. I see in competitions and programmes, like the city of culture competition, that it is that joined-up working that produces the real leveraged benefits for places.

The priority areas that the Arts Council identified, which pre-dates my time as Minister for Arts, is reflective of the Arts Council's commitment to nurturing the ecosystem in parts of the country where it is not as strong as it ought to be. We are building on that with our levelling up for culture places and building on the brilliant work that the Arts Council has been doing over previous rounds to try to make sure that, as Government, when we set them strategic directions we are asking them to do things that will benefit communities that stand to benefit from them.

Q241 **Chair:** I want you to expand a bit on that. I am interested to know specifically what you are doing as a Minister to ensure that these organisations copper-bottom the fact that they are not working in silos, that they are genuinely pushing forward with a united front to ensure that the finances that are assigned to them are finding their way to the correct parts of the country to bring about this levelling up.

Lord Parkinson: We bring the arm's length bodies together as a group frequently. We did it with very good effect through the culture recovery fund where it was the Arts Council, Historic England, the British Film Institute and others who—

Q242 **Chair:** How frequently? That was quite a long time ago.

Lord Parkinson: They were meeting frequently on the culture.

Q243 **Chair:** No, excuse me. You are saying there they were meeting frequently during the culture recovery fund and obviously dealing out the dosh then. But what have they been doing since when it comes to the levelling up agenda? How many meetings have they been having and what have you been doing to oversee those meetings?



Lord Parkinson: We work with them individually and together. We are looking at the moment at supporting the visitor economy and we are having what is called a policy sprint focusing on the north-east, which is bringing not just the Arts Council, Historic England and the Destination Management Organisation together—it is a slightly silly name, but it does at least show the urgency with which we are taking it—that will have lessons that have applications across Government.

When we are looking at specific areas of policy, not just in my brief but across DCMS, we do that working with all of our arm's length bodies because we know that all of them have a role to play.

Q244 **Chair:** I can detect from that that there seems to be no overarching push for levelling up across the Department in getting the organisations together with this remit in mind, putting them in a room and saying, "What are you doing, X, Y and Z?" You seem to be relying upon other means of doing that. For example, you talk about the visitor economy, almost piggybacking on other areas. What are you specifically doing there?

Lord Parkinson: I think you are focusing disproportionately on the Arts Council's priority places and the levelling up for culture priority places. They are a means to make sure that the Arts Council funding through the next national portfolio is spent more equitably around the country. That has a particular application to Arts Council England. Those priority areas are very deliberately focused on the Arts Council, but when we are talking about levelling up in tourism, the arts, all the areas that DCMS is responsible for, we engage all of our arm's length bodies. In the cultural education plan, when we are talking about levelling up opportunities in schools, we are involving Historic England, the Arts Council, the BFI and others, because we know that they all have a role to play in it and we want to make sure that they are plugged in.

We are doing that joined-up working but the levelling up for cultural priority places is very specific to the Arts Council.

Q245 **Chair:** It is a truism in Parliament that whenever we have the Arts Council England in front of the Committee, the Royal Opera House and other parts of the opera infrastructure are mentioned because of the staggering nature with which they swallow up the funds of Arts Council England. I think £165 million is the annual spend and I believe the spend over four years for the Royal Opera House and ENO is £145 million, so nearly a quarter of all the total spend in London goes on those two institutions alone. I think you would agree with me that perhaps two of the biggest ones, which is the National Theatre and the South Bank, probably bring in more to the UK economy and also to the London domestic economy than those two.

Do you think that, as Clive has noted and it is a solid point, when we have in some boroughs in London a 10-year life expectancy difference between some roads almost next to others—a genuine recognition among



most people who understand the capital that there is serious deprivation in many parts—that the overemphasis on these elitist institutions skews the figures entirely for the capital and makes it seem as if they are awash with cash, when they are not in areas such as Clive is focusing on? The problem with that is that when you decide to move money out of London to the regions you end up disproportionately damaging further those very communities in London that are suffering deprivation at least as bad if not worse than many of the areas you are focusing on.

Lord Parkinson: Levelling up is not about any particular institution or art form or any part of the country. As part of our discussions with ACE, and the strategic directions we have given them, we have also asked them to level up within London. There are no national portfolio organisations in Mr Efford’s constituency, nor are there any in Dr Huq’s, the other London member of this Committee. We want to make sure that Arts Council funding is equitably spread throughout all the capital.

The Arts Council has been doing that. Some of its existing priority places are outer London boroughs or London boroughs that have not historically had as much investment as others. But separately from that, London sees £21 per capita of investment through Arts Council England’s national portfolio compared to £6 per capita in the rest of the country, so we want to close that.

Q246 **Chair:** You are relying on a figure that is massively skewed by these two institutions in the centre of town, in the way that they are frequented. If you want to buy a ticket, particularly to the Royal Opera House, less the English National Opera, you are paying over £100. This Committee visited, and it is the most salubrious cultural organisation I think I have ever visited in my life. How is levelling up London justified when you think about £16 million being moved out from Arts Council England from London? How is that levelling up London by moving money out?

Lord Parkinson: We have asked the Arts Council to make sure that it is spread more fairly across London so that it is not just going to existing large organisations but that it is reflecting all of London’s 32 boroughs. But because of the egregious difference in per capita funding, which has been the case historically for many years, we want to make sure that taxpayer subsidy to the arts, which comes from taxpayers across the country, is seen and enjoyed more equitably around the country.

Dr Henley gave the example of a London-based organisation that has moved to Mr Green’s constituency. We are encouraging organisations for whom that is right to do that because they then can bring job opportunities. They can bring arts more directly to the doorstep of people who can enjoy them. We are encouraging that where it is right, but we also know London is our nation’s capital. There is a levelling up story for prominent and successful world-class institutions like the Royal Opera House, the Royal National Theatre and others, to encourage playwrights, actors and audiences from all over the country to come and perform on that national stage and to enjoy what is being performed.



I was pleased to see “The Pitmen Painters” by a north-east playwright on the stage of the National Theatre. It brought it to a larger audience. It then toured around the country. It was taken to cinemas through NT Live. So we are asking the large organisations to do more in their outreach. They already do a great deal of it but if you are a national organisation based in the nation’s capital then it is right that you are expected, not just by the Government but by the taxpayer, to show that through national working.

Q247 Clive Efford: I want to follow up on that. I have done some rough figures, and I may have misled the Chair. I think it was about 8% of London’s annual spend that goes to the ENO and the Royal Opera House alone, between 8% and 9%, but if you add in the South Bank and National Theatre, which you just accepted are national organisations, that goes up to nearly 20% of London’s fund. What is egregious is to add those into London spend because that is national spend, isn’t it? They should be separated out before you calculate a figure for London, when you are throwing a net around London to say South Bank, National Theatre, ENO, ROH are all in London, therefore that is the per capita spend for London, when that is not the case.

Lord Parkinson: That is why we have asked the Arts Council to make sure that London spending is spent fairly across the 32 boroughs. We are not singling out any particular organisation, but even taking some examples and accounting for them, London gets now and historically has more per capita than the rest of the country. We are closing that gap somewhat while reflecting the fact that London is our nation’s capital and will be the home to many national institutions and stages.

Q248 Clive Efford: With £16 million being taken away from London, surely the Government should be looking at those big organisations that I have named and their capacity to generate income whereas smaller organisations and local cultural organisations do not have that capacity. You must be looking at, for instance, the Royal Opera House, to be able to make more of its own money. I think the nearest comparison we would put to the Royal Opera House is probably the Albert Hall. It gets no public funding and runs its own operation very successfully and probably contributes as much to London’s culture as the Royal Opera House.

Lord Parkinson: The decision is obviously made by the Arts Council, and they are undergoing that process at the moment. They will decide which institutions get what based on the applications they make and the strengths of those applications through the national portfolio. But the general point you make about the cultural ecosystem of London, the access to philanthropy, the commercial opportunities, they are strong for lots of organisations, particularly organisations that are long-standing and successful. In general terms, yes, we are encouraging organisations that are able to do more in commercial income or private philanthropy, to do it so that we can make sure that the taxpayer subsidies through the national portfolio is benefiting organisations for whom that will make a great deal.



A smaller amount of money will go a long way for a new NPO who may only be in the portfolio for one round or two rounds. If that then gives them a bit of prestige, a bit of opportunity to increase their wherewithal, the resources they can devote to commercial opportunities, to philanthropic fundraising, they are able to leverage the subsidy that they get from the taxpayer and benefit over the longer term.

Q249 **Clive Efford:** From that we can deduce that of the £16 million that is being taken out of London—that levelling down money—a greater proportion will be coming from those big organisations that have the capacity you have just spoken about?

Lord Parkinson: The decision will be taken by the Arts Council who have always taken these decisions.

Clive Efford: Levelling down is your decision; it is a political decision.

Lord Parkinson: It is not levelling down; it is addressing an egregious imbalance in per capita funding between London and the rest of the country, while also asking the Arts Council to make sure that the funding that goes to London is spread fairly among the 32 boroughs.

Chair: That concludes the session. Lord Parkinson, thank you very much.

**IN THE FIRST TIER TRIBUNAL
GENERAL REGULATORY CHAMBER
(CHARITY)**

Claim No: CA/2021/0013

B E T W E E N:-

Mermaids

(Appellant)

-and-

**The Charity Commission for
England and Wales**

(First Respondent)

The Trustees of LGB Alliance

(Second Respondent)

EXHIBIT EG22



Digital, Culture, Media and Sport Committee

Oral evidence: What next for the National Lottery?, HC 154

Tuesday 5 July 2022

Ordered by the House of Commons to be published on 5 July 2022.

[Watch the meeting](#)

Members present: Julian Knight (Chair); Kevin Brennan; Steve Brine; Clive Efford; Julie Elliott; Damian Green; Simon Jupp; John Nicolson; Jane Stevenson; Giles Watling.

Questions 323 - 376

Witnesses

I: Chris Philp MP, Minister for Tech and the Digital Economy, Department for Digital, Culture, Media and Sport, and Ben Dean, Director of Sport, Gambling and Platinum Jubilee, Department for Digital, Culture, Media and Sport.



Examination of witnesses

Witnesses: Chris Philp MP and Ben Dean.

Q323 **Chair:** This is the Digital, Culture, Media and Sport Select Committee and this is our final hearing on what is next for the National Lottery. We are joined by the Minister, Chris Philp MP, and by Ben Dean, the director of sport, gambling and the platinum jubilee at DCMS. Chris and Ben, thank you very much for joining us today.

Do any Members wish to declare any interests at this point? I received hospitality recently at Royal Ascot.

Kevin Brennan: I had hospitality earlier this year from the Betting and Gaming Council.

Chair: No one else? Brilliant, okay. Minister Philp, as I say, thank you very much for joining us this morning. The Gambling Commission failed to secure Camelot's promised good cause returns under successive licences. What action will you take to ensure, that this time around—presuming that Allwyn eventually enacts the licence once legal challenges have finished—enough money gets to good causes?

Chris Philp: Thank you, Chair, for the opportunity to appear before the Select Committee.

The main mechanism through which that important objective will be achieved is the structure of the fourth National Lottery licence itself. There has been quite a lot of criticism of the structure of the third licence, and I think there has been some justification to that criticism. The way the fourth licence has been constructed is designed to ensure that a higher proportion of proceeds go to good causes.

There are a couple of ways that it secures that. The first is that the structure is a lot simpler than the previous version—the fourth National Lottery licence structure is much simpler than the third National Lottery licence structure. It essentially provides that the operator has to first pay a fixed amount of money to good causes and then, secondly, after deduction of reasonable costs, the residue—the remaining money—is divided in an agreed ratio, which is obviously one element of the bid, between good causes and the lottery operator itself, by way of profit. So there is a clear incentive on the operator to maximise the profit and, therefore, maximise the money going to good causes, because that is, essentially, the source of their own profit: as the money going to good causes goes up, so the profit to the operator goes up as well.

Under the old lottery scheme, conversely, we saw situations where the operator at the time, Camelot, made more profit while not delivering commensurate increases in funding to good causes. The structure of the licence is the critical element in making the change that you are, quite rightly, calling for.



They have run some indicative figures. They took the figure for the profit made by Camelot for last year, which I think was about £95 million before tax, or £78 million post tax, and they applied the template of the fourth National Lottery structure to that. Had the fourth National Lottery structure been applied to last year's sales, that £95 million of profit would have gone down to £30 million, and all of that £65 million saving would have gone to good causes. Clearly, the details of how that works depend on the exact details of the bid, but that illustrates, structurally, that the fourth National Lottery licence is designed to deliver more money to good causes and to create better alignment between the operator and the people receiving the money.

Q324 **Chair:** Do you think that the public are as aware as they used to be about the link between the National Lottery and the money that goes to good causes? Is the structure of the fourth licence an opportunity to reboot that relationship in the public's mind?

Chris Philp: I think that you raise a very good point. We do need to do more to promote the fact that various different projects are ultimately funded by the UK National Lottery. It is the grant-giving bodies, rather than the actual lottery operator, that attach the branding conditions as they give out grants. The lottery operator—Camelot, and in the future, we expect, Allwyn, subject to litigation—runs the lottery itself. The money is given out by the various distributing bodies. They set the conditions, and I think there is a case for making those conditions stronger, so that when an organisation receives UK National Lottery money, the branding and the association and the publicity that go with it are made stronger. Then, when people go to the local community centre, a local sports club or whatever it may be that has the money, they can see more clearly where it comes from than they do at the moment.

Q325 **Chair:** Obviously, we are in a period of high inflation, unfortunately. How is this fourth licence potentially going to protect good causes from that, or is there basically no protection in place?

Chris Philp: Clearly, the structural changes that I mentioned a moment ago mean that the fourth National Lottery licence, structurally, is designed to give higher returns to good causes than was the case previously. Secondly, it is worth observing that the grant-giving bodies have quite significant reserves, which are designed to cover future disbursements. There is a certain amount of flexibility if next year or the year after the people bidding for money say that they need more for a particular project because their costs have gone up. There are levels of reserves that are available to cover that.

Beyond those two things, we would expect that, so long as inflation persists, yes, the costs of delivering the good cause projects will go up, but there is also some prospect that people might spend more money on the lottery as well if wages and general prices are going up as well. Really, it is the better structure and the fact that there are these reserves that are the key points. We hope, of course, that inflation is going to be



transitory. Obviously, I do not have a crystal ball and this is not the Treasury Committee, but we hope that the high inflation we see now is not going to be a long-duration phenomenon. I hope that we are not going back to the 1970s.

Q326 **Chair:** Yes, I think that we all know that. I am obviously not expecting you to talk about the case that is ongoing now, and we expect further clarification on it imminently. But there has been talk of a potential damages claim of, I believe, £600 million. Has the Department given thought to exactly how that £600 million would be funded if such an eventuality happened?

Chris Philp: Obviously, we hope very fervently that that eventuality will not arise. We are very disappointed that Camelot is choosing to pursue this litigation. They have had the licence for 28 years now, which is an extremely long period of time—nearly three decades—so for them to litigate is disappointing.

There are clearly a number of ways that damages could be funded if they are awarded. One is that they could come out of good causes. Another, of course, is that they could be funded by the Treasury. But given that no damages award has been made, and I fervently hope that none is, that is not a question that we have directly decided or discussed with the Treasury.

Chair: The two options are that it is either Treasury or it is good causes if that is the case.

Chris Philp: Yes.

Chair: Obviously, they are quite adamant that it would not come from good causes, but frankly they cannot say that, because they do not know at the end of the day.

Chris Philp: That is correct.

Chair: It is good to get that clarity out there. I have Clive Efford and then Kevin Brennan.

Q327 **Clive Efford:** Welcome. Thanks for coming to give evidence to us today. Can I move on to gambling harms? What assessment have you made of the gambling harms posed by lotteries, including instant win games?

Chris Philp: Thank you, Clive, for the question. Yes, we have considered gambling harm as part of the whole National Lottery set-up. Fortunately, gambling harms arising from the lottery are generally significantly lower than from gambling more generally; they are at the more benign end of the spectrum. The 2018 health survey for England suggested that problem gambling rates for draw-based games were about 0.9%, whereas for scratch cards they were about 1.4%, which is considerably lower than for various other activities surveyed, where the range went from 2.7% to 12.7% in terms of problem gambling rates. In fact, before



FOBTs had their limit chopped down, the problem gambling rates for them were absolutely stratospheric.

So instant wins are at the lower end of the spectrum for problem gambling. The things that worry me most, as we think about the gambling White Paper, are things like online slots and online casinos, which are the areas where people can get heavily addicted to gambling. That said, although this is a lower-risk form of gambling, we do want to make sure it is done safely.

In recent years, the Gambling Commission and Camelot have made some moves in this area. For example, the scratch card price limit was dropped three years ago, from £10 to £5. The maximum stake limit for interactive instant win games was dropped two years ago from £10 to £5. Two years ago, the National Lottery was fully integrated with GAMSTOP to stop registered players, where they have registered with GAMSTOP, from playing the interactive instant win games. Last year, when the Government raised the minimum age for the National Lottery from 16 to 18, the operator introduced the change almost immediately, before the relevant legislation came into effect. Those things have been done, but there is also a duty on the Gambling Commission and the operator to make sure they pay regard to the interests of players, which includes preventing gambling harm. That is something that is rightly at the front of their minds.

Q328 Clive Efford: Allwyn has stated that they will reverse the slide towards scratch cards and instant win games, giving due consideration to the wider societal impacts these can have. Is that part of your future monitoring of the performance of Allwyn in their contract? If the slide towards scratch cards continues, will you be taking action?

Chris Philp: Taking action in what area?

Clive Efford: Will this be one of the areas of the contract that would require some form of enforcement if that move towards scratch cards continues?

Ben Dean: Part of this goes back to the three statutory duties that we and the Gambling Commission have. As the Minister said, one of those statutory duties is the public interest and player interest, and particularly protecting individuals from harm. We would expect the Gambling Commission, as the regulator of the National Lottery, to be ensuring that Allwyn, subject to the legal case, is making sure that they do protect players. If they have evidence that instant win games or any other form of game is causing harm to players, we would absolutely expect them to address that harm.

Q329 Clive Efford: We have just heard that these games do. In a sense, it is irrelevant to compare them with other forms of gambling. If they are causing a form of gambling harm, then we would want to minimise that as much as possible. It is also the case that good causes get a smaller



proportion of the take from scratch cards, or done have under the previous contract. Allwyn has stated, while bidding for the contract, that they would reverse the slide towards scratch cards, and the very fact that they have stated that implies that that slide is undesirable. Will you be looking to the Gambling Commission to take action if it continues?

Chris Philp: Do you mean the move towards scratch cards?

Clive Efford: Towards scratch cards.

Chris Philp: It is up to the Gambling Commission to make their own independent assessment of where gambling harm lies. If they feel there are unacceptable levels of risk to individuals, whether from scratch cards or anything else, then we would expect them to take action.

In terms of Allwyn's motivation for what they said about trying to reverse that trend, I have not discussed it with them, because the Government have been keeping very independent from the whole bidding process, as you can imagine; we have not interfered or got involved in it at all—in fact, I have not even seen Allwyn's bid. The whole process is completely independent, so I am just speculating when I say that the motivation for Allwyn saying that could be harm-related, but I suspect that it may more likely be related to improving the financial performance of the give-back to good causes. As you just said a second ago, quite rightly, the yield to good causes is lower from the scratch cards than it is from the draw-based games. It may be the financial element as much as the harm element that they have in mind, but that is speculation—I don't know.

Q330 **Clive Efford:** Moving on slightly, the age limit for gambling was raised to 18 from April 2021, but 16 and 17-year-olds who opened online accounts before that date may still gamble up to £350 per week. Have you discussed that loophole with the Gambling Commission?

Ben Dean: We have. We think that is not correct. If you are under 18, you cannot use your account. Your account is still active, because you can withdraw money from it if you are under 18, but if you are between 16 and 18 you cannot actively bet, even if your account is still in theory active.

Clive Efford: So that information is not accurate?

Ben Dean: That is our understanding from the Gambling Commission.

Clive Efford: They have assured you that 16 and 17-year-olds, regardless of whether they have an online account, cannot gamble?

Ben Dean: Our understanding from the Gambling Commission is that, for all those people who are 16 and 17 who had active accounts, their account remains active, so they can withdraw money. If they turn 18, obviously, in that time period, then they can use it. Otherwise, they cannot bet during that time.



Q331 **Clive Efford:** Can I take you on to one other thing? Allwyn was granted the contracts back in March. Around that time, there was a lot of concern about the activities of Russia around Ukraine and then the invasion of Ukraine in February. That raised a lot of concerns about sanctions. Did you raise any concerns at all about, or were you aware of, the link of Mr Karel Komárek with Gazprom, which is run from the Kremlin? Did you ask the Gambling Commission to carry out any sort of deep dive into the background to make sure that this was not likely to be a sanctioned individual?

Chris Philp: Yes, obviously I was aware from the public reporting in the newspapers around that time that people were raising this question about the Gazprom joint venture. A number of companies, including UK companies—BP may be one of them—have joint ventures with Russian organisations like Gazprom. I understand that it was a joint venture in the Czech Republic, although I have not looked into it deeply, I should say.

Yes, I did raise the question with the Gambling Commission, and I received two specific assurances. The first assurance I received was that they had done background checks on all four applicants to make sure they were so-called fit and proper people to run the lottery, and that all of the applicants had passed that test. Secondly, they then subjected anyone with significant control over, I think, the winning bidder and also the second bidder, speaking from memory, to a form of vetting using Government agencies. That work was initiated as well. I received those assurances, and on that basis I was content that there was not an inappropriate link with the Russians.

Q332 **Clive Efford:** It was subsequent to what happened in Ukraine that you requested further information?

Chris Philp: The questions I just mentioned are questions that I asked of the Gambling Commission—for obvious reasons—after the invasion, which I think happened in late February, 24 February.

Q333 **Kevin Brennan:** Good morning. Is the National Lottery the biggest form of gambling in this country?

Chris Philp: Is it the biggest form of gambling? If you are measuring gambling by gross gambling yield, I think that its gross gambling yield is in the order of about £4 billion a year. The rest of the gambling industry—and these are off-the-cuff, approximate figures, so please, Chair, forgive me if I am not getting these exactly right—

Kevin Brennan: We will give you a pass on that—don't worry.

Chris Philp: That is very kind, Kevin. Thank you. I think that the rest of the gambling industry has a gross gambling yield of, very approximately, £10 billion or £11 billion. On that basis, the National Lottery is about a quarter or a third of all UK gambling in extremely approximate, round



terms—I am probably going to get told off by officials for giving off-the-cuff, approximate figures. That hopefully gives a sense of scale.

Kevin Brennan: It is a very large chunk of gambling in this country?

Chris Philp: Yes, I would estimate a quarter to a third.

Ben Dean: The only thing to add is that, of all the forms of gambling, about 30% of the population play the lottery in any given month.

Q334 **Kevin Brennan:** What percentage of the population undertake other forms of gambling?

Ben Dean: Over 40% of the population gamble but that includes the lottery.

Kevin Brennan: Three quarters of those who gamble do the lottery?

Chris Philp: It sounds like about 40% to 45% of the public gamble in some form; 30% of the public do the National Lottery.

Kevin Brennan: It is a pretty massive part of gambling in this country?

Chris Philp: A lot of people do it, yes.

Q335 **Kevin Brennan:** I know that the Government have made a point about saying that you can no longer gamble with a credit card. That is not true, though, is it, from what you have just told me? You can still gamble with a credit card, can't you?

Ben Dean: In terms of being able to—

Kevin Brennan: Play the lottery.

Ben Dean: One of the things we have been doing is making sure that we are taking action through—

Kevin Brennan: Sorry, what is the answer to my question? You can still gamble with a credit card, yes or no, in this country?

Ben Dean: If you can use your credit card to play the lottery, then that may be the case.

Kevin Brennan: There is a simple word you are looking for, and it has three letters in it.

Ben Dean: Well, if that is the case, then you are right.

Kevin Brennan: Can you actually utter that word? Can you say it? It begins with "y", it ends with "s" and it has an "e" in the middle.

Chair: Yes, please just answer the question.

Kevin Brennan: I do not want to play Wordle here, but you can still gamble with a credit card in this country, can't you? Shall we take a



recess for a moment, Chair, because this is obviously a very difficult question?

Ben Dean: I think that what my official is saying is if you are doing a shopping round in Sainsbury's—

Kevin Brennan: Sorry, can you just stop?

Chris Philp: Okay. Let me try to clarify this.

Kevin Brennan: Can we stop for one minute? You just confirmed to me that the National Lottery is a very major chunk of gambling in this country, and I asked you a simple question: is it not therefore the case that you can still gamble in this country using a credit card, when you play the National Lottery? You seem incapable of—

Chris Philp: The answer I have just been given, and correct me if I get this wrong—

Kevin Brennan: Is it longer than three letters?

Chris Philp: It is longer than three letters. The information I have just been given is that if you are buying a lottery ticket on its own, you should not be able to use a credit card, but if you are buying a basket of goods, like when you are doing your weekly shopping for £100, and there is a lottery ticket in there, then you would be able to potentially use your credit card.

Kevin Brennan: I accept that the answer, then, should have been yes, as long as you buy a Mars bar. That is what your answer is, basically, isn't it?

Chris Philp: I honestly do not know what the rules are about whether one Mars bar is enough or whether you need to buy a loo roll and some Toilet Duck as well, but I—

Kevin Brennan: We are getting into the realms of surrealism here.

Chris Philp: For clarity, and given that there seems to be some uncertainty about this, it might be helpful if we set out in writing for the Committee the precise answer, just to make sure that there is no misunderstanding or confusion.

Q336 **Kevin Brennan:** I do not think that it is that hard a question, Minister, to be honest with you. I think that the answer is yes, and we could have moved on some time ago if you had just been able to say that.

For my next question I am going to tell you what the answer is: the answer is yes. The next question is, why are you allowed to use a credit card for that form of gambling and not for other forms of gambling? What is the policy reason that the Government have for distinguishing between those two forms of gambling in relation to the ability to use a credit card to gamble?



Chris Philp: If it is the case—as has just been suggested to me, but I think I should confirm that to the Committee in writing—that the circumstances in which a credit card can be used are where the purchase forms part of a wider basket of goods, then I can see that it would be not very practical or particularly reasonable to ask the customer to disaggregate their purchases and pay for their basket of goods with a credit card and then do a separate purchase with the debit card or with cash on the side. There is a practical consideration around that. The other point—

Q337 **Kevin Brennan:** What is the difference between that and walking into a casino, ordering a meal and a drink, and then gambling?

Ben Dean: There is a distinction. My understanding is that you cannot go on to the National Lottery website and use a credit card to buy a National Lottery ticket. What you cannot do is go into a betting shop and bet on a credit card. Clearly, if you are going into a supermarket and buying a range of goods, it would not be very practical to ask people to pay twice for those goods. It is trying to get that balance right.

Q338 **Kevin Brennan:** Okay. We may have approached an answer there, Chair. Can I ask you about Camelot? They have written to us, and I appreciate, Minister, that you have not seen the letter. They have written to us about the last session we had, with the Gambling Commission, saying that “members of the Committee made comments suggesting they had concerns about returns to Good Causes under the Third Licence and that Camelot is seeking a multimillion pound figure in damages,” which you will be aware of. Am I right in saying that what you were saying is that the Government’s estimate is that the new licence would generate £65 million more per year to good causes than the previous licence?

Chris Philp: Potentially, yes. Those figures were indicative figures based on the structure of the lottery licence that was set out. That does not reflect the details of the individual bid, which obviously we cannot really talk about, for the litigation reasons we know about. That is an estimate of the positive impact that it will have on the return to good causes, yes.

Q339 **Kevin Brennan:** In their letter to the Committee, Camelot has said that, “Camelot would prefer a non-monetary remedy,” and it goes on to say in brackets, “i.e. the award of the Fourth Licence to Camelot”. I know that you cannot get into the details of the court case, but is it still in doubt as to whether Camelot or Allwyn will be running the fourth licence?

Chris Philp: It is subject to live litigation. The matter is in the hands of the courts. There are multiple streams, or at least two streams, of litigation, one seeking to address the question of implementation and what remedies might reasonably be available, and a second strand addressing the substance of Camelot’s claim. Given that the matter is in the hands of the courts and being considered by them, I don’t think it would be appropriate to comment on matters that are sub judice.

Kevin Brennan: In answer to my question, it is still in doubt?



Chris Philp: It is subject to litigation.

Kevin Brennan: Therefore, it is still in doubt?

Chris Philp: I don't want to get into the details because it is subject to litigation.

Kevin Brennan: I am not asking you to get into the details. It is a simple question. You are saying it is subject to litigation.

Chris Philp: It depends on—

Kevin Brennan: Therefore, it is not certain that Allwyn will be running the fourth licence?

Chris Philp: It depends on the outcome of the court cases.

Q340 **Kevin Brennan:** Okay, so it is still in doubt. Camelot, in their letter to us, have also said that the Gambling Commission denied that any damages that could be awarded as a result of that case “would necessarily come from the National Lottery Distribution Fund,” and also said that it would be “a matter for the Secretary of State, the Treasury and the Commission to decide the appropriate source of funds.” If it were to come to that, who would decide where those damages would be paid from? I know we are speculating that damages may or may not be awarded, but ultimately who would decide? Camelot say that it might be the commission or the Secretary of State—that is, your Department—or the Treasury. Who would decide?

Chris Philp: Ultimately, if public funds are involved, the Treasury are ultimately the custodian of public funds. As I say, no such decision has been taken. I am very disappointed that Camelot are pursuing this litigation, which I do not think is good for anyone. I am very disappointed by it, and I hope that it does not come to that.

Kevin Brennan: Neither do I, because they have milked enough out of it already.

Q341 **Chair:** On that point, obviously Camelot is owned by the Ontario Teachers' Pension Plan. The Ontario Teachers' Pension Plan have quite huge resources in this country. They own airports and so on—my local airport, in fact, among others. Do you think they ought to take a keen interest in this right now and in the fact that there is potential damage, as we have established, to good causes—up to, I presume, £600 million. It is not just Camelot's name that is at stake here in this litigation, but also the good name of the Ontario Teachers' Pension Plan, Minister?

Chris Philp: As I say, we do not know. If there were damages, which I hope there will not be, we do not know where those would be funded from, as we established a moment ago.

Q342 **Chair:** It will not be the Ontario Teachers' Pension Plan paying for it, though, will it? They would be the ultimate beneficiaries of good causes



potentially—we agree that it is potentially—losing out to the tune of £600 million. That is a very rich group of pensioners effectively taking money off British good causes, potentially, if this case goes through.

Chris Philp: As I say, I do not want to comment on the court case, because it is sub judice, but I will repeat what I said. I am very disappointed that this litigation is being pursued. I do not think it serves, frankly, anyone's interests. Camelot has had this licence for 28 years now. It is a very long time. I have been given every assurance by the Gambling Commission that this process was run properly and fairly. They were supported by very credible professional advisers from the legal and financial services sectors as they ran the process. I do not think this litigation serves anyone's interests, and I am extremely disappointed that it is happening.

Q343 **Giles Watling:** To follow on from some of Kevin Brennan's questioning and, indeed, Clive Efford's earlier, I am interested in gambling harms. There is a perception in some quarters that the lottery is not gambling and that it is something else. In fact, I know from personal experience that some people think that it is a game and it does good causes, but it is not gambling. I know people who disapprove of gambling who, nevertheless, take part in the lottery. Do you think that is a common perception?

Chris Philp: A common perception that?

Giles Watling: That the lottery is not really gambling?

Chris Philp: It is a good question. It is hard to know how individuals view the lottery. We obviously do consider it to be a form of gambling. It is a form of gambling, as I said earlier in response, I think, to Clive Efford's questions, where harm is very much at the lower end of the spectrum, compared to other forms of gambling. At the high end of the spectrum we would have things like online slots and online casinos, for example.

So it is a much lower-risk form of gambling. I suspect the public understand that. I suspect they understand that it is a game of chance—that you are spending money that you could lose. Typically, the amounts of money wagered are quite small by comparison to amounts wagered elsewhere, on horse-racing or in a physical or online casino. But I think the public do understand that it is a game of chance; you pay your money and you might lose it, and often you do lose it.

Q344 **Giles Watling:** My argument is that it could be part of the sell—that it is not really gambling that we are indulging in here; it is a fun thing that goes to good causes. We all remember the famous logo, "It could be you," so you are also selling a dream. What I am moving on to is: are there figures that you are aware of? I think it was Anna Powell-Smith who told us that we should be asking what percentage of revenues are coming from what percentage of gamblers, and whether it is possible that there



is a relatively small number of gamblers on the National Lottery spending most of the money.

Ben Dean: I don't think that is the case. That goes back to our figure that 30% of the population played the lottery last month. The aim with the lottery, as the Minister said, is to distinguish it from other forms of gambling. To your comment on the slogan—I think it is, “Dream Big Play Small”—it is very much trying to emphasise doing small bits.

Q345 **Giles Watling:** As far as you are concerned, Mr Dean, we do not have gambling harms happening to relatively few people who are spending a lot of money chasing this dream? You think that is not the case?

Ben Dean: We know, factually from the health survey, problem gambling and harms associated with the lottery are lower than for other forms of gambling.

Q346 **Giles Watling:** All right, I will take that. Should the National Lottery operator make a higher contribution to GambleAware, Minister?

Ben Dean: As part of the fourth licence, one of the things we are doing is looking at their contribution to research and education and—

Chair: I am sorry, I think that this is a question for the Minister, really, to be honest with you. This is a political question. As we know, GambleAware are asking for a 1% levy as part of the gambling White Paper. I think that Giles's question is very simple. It is: do you think that the National Lottery should be made to give more to GambleAware?

Chris Philp: Not at the level of other gambling firms, because the gambling harms caused particularly by things like online slots and online casinos are significantly higher, as we have said already, compared to the National Lottery. I do not think it is reasonable or fair to ask the lottery, which is a relatively lower-risk form of gambling, to contribute at the same level as obviously more risky forms of gambling, particularly when the majority of that money would then come out of good causes. You have to match the risk to the contribution.

I do not want to pre-empt the gambling White Paper, but we think that we do need to see more money going to research, education and treatment—the services that, broadly speaking, GambleAware currently commission, although others do as well—but that that should principally come from the firms whose gambling activities are causing the majority of the harm.

Q347 **Giles Watling:** Having said that, when we talk about the lottery, we are talking about huge sums of money, of course, because it is a massive concern. Yet in 2018 Camelot said that it would donate £300,000 annually to GambleAware. That seems to be totally out of kilter with the amounts of money we are talking about. GambleAware is there to protect against gambling harms, surely.



Chris Philp: GambleAware is there as part of the so-called RET—research, education and treatment—process. It does those three things. The research is academic research. The education is going into schools, teaching children about the risks of gambling. The treatment is commissioning therapy afterwards.

In terms of what the fourth licence bid contains on research, education and treatment contributions, that is part of the bid, but that is being litigated and I have not even seen it—it has not been opened up—it is not something that I can comment on. There may or may not be something in there addressing the RET contribution. Not having seen it, I don't know what it is.

Q348 **Giles Watling:** My takeaway from this, then, is that you are not inclined to push for a greater contribution from the lottery operator?

Chris Philp: Broadly speaking, no, because I think the people who contribute the most, and who should contribute more, towards research, education and training are the people running gambling operations that cause more harm—the most harm. Broadly, although there is some harm in the lottery, it is much lower level, and I think the money should come principally from the people who are causing the problem, which is not the lottery.

Q349 **Giles Watling:** I take that, absolutely. Talking about the BeGambleAware branding, does it concern you that the National Lottery advertising does not feature that branding, and should it?

Chris Philp: I think that questions addressing that sort of issue are going to be in the gambling White Paper. It does not concern me hugely, on the basis that the evidence we have just discussed, to repeat the previous point, suggests that the National Lottery contains problem gambling levels that are quite low and much lower than for other forms of gambling. As we think about directing our regulatory efforts and trying to make improvements to the safety of gambling, and if I think about my to-do list, the National Lottery is not at the top of the gambling harms to-do list. There are a lot of other forms of gambling—online slots and online casinos, which I have mentioned, being the two most obvious—where the harms are an order of magnitude, and possibly even two orders of magnitude, higher than for the lottery. So, really, I am focusing my guns, as it were, on those areas that are really causing serious problems.

Q350 **Giles Watling:** It would seem to me from your answers that Her Majesty's Government are quite content that we can think of the lottery as not really being gambling. Would that be fair to say?

Chris Philp: No, I didn't say that. It is gambling. We classify it as gambling. It is regulated and overseen by the Gambling Commission. We just recognise that it is a lower-harm form of gambling, so the interventions made are correspondingly lighter touch, although not zero, because there is some risk, and there is some harm, as we have said



already in answer to Clive Efford. We are not ignoring it; we are just prioritising the areas that are higher harm.

Q351 **Chair:** To draw on what you have just said to Giles there, I can take it, therefore, that the 1% figure, which is the ask of GambleAware across the board, effectively, across the gambling industry, is dead in the water. What you have just said, effectively, is that it is going to be about the perceived harm of that gambling company—for example, slots online. What about physical gambling—let’s say a bingo hall, for instance? Would they be categorised more towards the online slot side, or would they be categorised more towards the less harmful side and be less expected to contribute to GambleAware, like the National Lottery?

Chris Philp: Chairman, you are enticing me into the territory covered by the White Paper.

Chair: No, you have just said it to Giles so—

Chris Philp: Yes, that is right; I did say it to Giles. You are enticing me into White Paper territory, but you are making a reasonable observation that things like seaside adult gaming centres, for example, or bingo halls, which are another good example, are, like the lottery, much lower-harm forms of gambling. That is a good observation. I entirely agree with it, and you can expect that to be reflected in the way the White Paper as a whole is constructed.

Chair: Roger Gale will be delighted about that, I am sure.

Q352 **Julie Elliott:** I am very surprised at what you are saying there, Minister. As somebody who lives by the seaside and sees vulnerable people pouring their last pennies into slot machines, it is not really not dangerous gambling; it is the start of something.

Chris Philp: I did not say it was not dangerous. I just said that it was lower risk than other forms. We have quite good data on the risk posed by different forms of gambling, and we can see the problem gambling rates that different kinds of gambling pose. No gambling—not the National Lottery, not even seaside arcades, none of it—is zero risk at all. There are people who develop gambling addiction and gambling problems across all these forms of gambling.

The point I was making is that there are some kinds where the risk is a lot higher. The worst example, which we saw a few years ago, were the FOBTs. That was just off the scale, terrible. I do not want to get into the White Paper, but as we look at any of these regulatory interventions, we are just trying to calibrate them to make sure that the toughness, as it were, of the regulatory intervention, whether it is the safer gambling messaging or something else—I do not want to get into details, but you can imagine the range—is targeted to the right area, so it scales according to the risk that is being presented.

Q353 **Julie Elliott:** This is not what I want to ask my questions on today, but



could I suggest, Minister, that you do a bit of secret shopping and go to some of the poorer seaside resorts and watch people in arcades? You might also, perhaps, go into shops and see people who are very vulnerable, very poor, spending their last penny buying scratch cards on the lottery? Relative to their lives, I would completely disagree with what you are saying about risk. There might be less money involved but the impact on people's lives, which I pick up every week in my constituency casework, is hugely significant. A bit of secret shopping might be a good idea.

Chris Philp: I was in an adult gaming centre in Clapham on Friday, so it was not the seaside, but I will take up your suggestion. You feel that the seaside slot machines that you have seen are significantly problematic?

Q354 **Julie Elliott:** I think that vulnerable people spend their last penny on them. But, probably more importantly, if you go into any shop that sells scratch cards on the lottery, it is the people who can least afford to spend their last penny on these things who are buying them, and it causes absolutely significant harm. If you ask people who represent areas that are not as wealthy as others, this is a regular piece of the casework that we get. So I think you should do a bit of secret shopping; you should not arrive as Minister Dah Dah Dah, because you will get a different view, but you should dress down, wander about and have a look. Anyway, there we go.

I want to ask questions on society lotteries, so something entirely different. As you know, in recent years there has been significant reform to the regulation around society lotteries. What assessment has your Department done on the reforms of 2020?

Chris Philp: We have thought carefully about this. You are referring to the increase of the limit to £50 million per lottery? We have given that some thought. I met the People's Postcode Lottery—I think it was them—a few weeks ago to discuss the changes. Broadly speaking, because it is only a couple of years in, and because the changes mostly fell during the covid period, we think it is a bit early to reach definitive conclusions. Obviously, we are very aware of calls to lift that £50 million limit to £100 million—we have received representations about that—but our feeling at the moment is that it is a bit too early to reach conclusions, given that it has only been a couple of years and it has been affected by covid.

Q355 **Julie Elliott:** Have you looked at any change that might be possible around the 10% rule—the rule that the maximum prize is the greater of £25,000 or 10% of the proceeds at the moment? Have you looked at that or not?

Chris Philp: That is obviously part of the package, and there were some changes made a couple of years ago to the maximum prize limits, as well as to the £50 million. We are aware that the whole thing needs to be looked at in the round. On both questions—the £50 million limit and the prize limit—we think that it is too early to make changes, but we are in dialogue with the relevant companies.



Q356 **Julie Elliott:** When would you be thinking it was a reasonable time to look at changes? How long?

Chris Philp: We looked at it after about a year, and my expectation is that we would keep looking at it on an approximately annual basis just to see how it develops and how it evolves.

Q357 **Julie Elliott:** Do you think that society lotteries pose a threat to the charitable giving of the National Lottery?

Chris Philp: It is a good question. Clearly, by design they are supposed to be different and to be non-competitive, in the sense that the prizes are much lower. They often have a geographic focus or a particular purpose, like the Health Lottery, for example. They are supposed to do different things. Obviously, in creating a National Lottery, the licence is essentially a monopoly, and it is granted on that basis. It is supposed to have critical mass and everything else.

We want to make sure that the society lottery concept does not overlap or compete with that, and I think at the moment, broadly speaking, it doesn't. It does operate in a different space, for the reasons I mentioned a second ago. One of the main tests in thinking about these changes is making sure that it does not end up overlapping a bit. That is one of the key questions. At the moment, I think it doesn't. After the £50 million change, I think it is fine. We just want to make sure that if we do make those further changes it does not end up getting into National Lottery territory a bit.

Q358 **Simon Jupp:** Good morning, Minister. Thanks for coming before us today. I want to talk about funding grants and particularly how those are placed across the nations and regions of this country. Are you satisfied with the way they are distributed at the moment?

Chris Philp: Yes, I am, broadly speaking, satisfied with the way they are distributed in terms of their geographic spread around the country. We are keen to make sure that everybody all around the country—all regions—benefit equally. You will be interested to know that in your constituency of East Devon—that is right, isn't it?

Simon Jupp: Yes, that is right.

Chris Philp: Good, I have made a good start. Since the National Lottery started up in 1994, £29.4 million has been spent specifically in East Devon. If you look at the geographical spread of the National Lottery money around the country, it follows, broadly speaking, population. The south-west, for example, last year got £93.8 million—an increase over the previous year, when it was £85.3 million, so you got an extra £8 million that year. If I look at the geographical distribution, it does, broadly speaking, follow population and economic activity.

Q359 **Simon Jupp:** I am grateful for the data, of which I was not aware. Does that follow any Government edict? That is, how is this connected to



levelling up? Obviously, the Government are attempting to level up the country. One would have thought that the money might be funnelled in the same direction as levelling-up funding, for example. Is that about right, or is there more grip required to achieve that?

Chris Philp: The answer could be yes to both questions. Yes, we are trying to get it outside London and the south-east, but yes, more grip might still be required to do it even more than is happening. There is some other rebalancing happening outside of the lottery. The Arts Council funding was significantly rebalanced just recently to move £75 million, I think, into areas outside the south-east, which was getting on towards about a quarter, I think, of the money they spend in total. That was expressly in support of the levelling-up agenda. Ben, do you want to comment on that question?

Ben Dean: One of the things we are trying to improve on is the data. For example, at the moment, the amount of lottery money allocated to you will record as to where your headquarters are. If the headquarters of an organisation is in Cardiff, for example, that money will be recorded there. I know that, in Mr Brennan's constituency, the figures are much higher, but that is partly because there are more headquartered organisations in Cardiff that may well be redistributing that money on to other parts of Wales.

Chris Philp: Are you sure it is not his brilliant lobbying?

Q360 **Simon Jupp:** Do you think that, in the future, there might be a tighter grip on how this money is spent across the country, Minister? You are indicating that there might be more work to do to make sure that the funding does sit quite comfortably with the Government's levelling-up agenda.

Chris Philp: Yes, I think that is an area where we can look carefully and see how we can influence that. Obviously, the grant-making bodies operate somewhat at arm's length, but it is an interesting opportunity that we want to make sure we are fully grasping. As I say, with the Arts Council that has happened already.

Q361 **Simon Jupp:** How do you do that without interfering too much in the lottery funding? Obviously, you could make it overtly political, couldn't you?

Chris Philp: We do not want to trespass on their independence or have political interference in the way that grants are given, because that would be inappropriate.

Simon Jupp: By having more grip you would surely be doing that?

Chris Philp: I think you can have discussions with the grant-making bodies about issues like geographic focus. You can produce research highlighting areas of economic or social deprivation that would particularly benefit from expenditure, and encourage them in that



direction. We cannot have Ministers picking individual projects, but there is a lot we can do.

Q362 **Simon Jupp:** You would not see Ministers intervening on specific cases, would you?

Chris Philp: No, that would not be appropriate because that would be—

Simon Jupp: I just wanted to clarify that. Although you would imagine that the Government would want to have their levelling-up agenda aligned with how this money is spent, you would not want too much political interference. If those changes occur and we see the money distributed in a slightly different way in the future, as per our previous discussion, what will you do, and what do you do, to help places that previously received funding that do not now? They may have relied on it in the past.

Chris Philp: Of course, I am an MP in London, so I am very aware of that dynamic. There are many projects that are not ongoing multi-year projects. Very often they are one-off projects—building new facilities, for example. Particularly where you have one-off capital projects, the issue you raise about multi-year dependency obviously does not arise. That is one very obvious way of addressing that concern.

To take another, Lord Parkinson has been working with the Arts Council—this is his area rather than mine, so he should take the credit for this—to actively, where they can, move activity of different kinds that was taking place in London outside London. They are not firing people; they are simply moving activity into other parts of the country. There are ways that you can do these things that are about moving rather than discontinuing. But the point about the capital projects, I think, is the most important one.

Q363 **Simon Jupp:** As a London MP, as you just mentioned, are you concerned that the Government could be seen as moving too much money away from London? It is the economic powerhouse of the country, after all.

Chris Philp: No. I think we need to govern for the whole United Kingdom, all four corners of it, and we need to make sure that we target Government spending of different kinds—I am not just talking about this; I am talking about everything—at the areas where it is most needed and where it will have the biggest effect. I may be a London MP, but first and foremost I am a citizen of the United Kingdom and a Member of the United Kingdom Parliament. My interest primarily is not a constituency interest or a London regional interest; my concern is the national interest, and that means deploying our national resources wherever they are needed, regardless of which of the four corners of the United Kingdom that need may be in.

Q364 **Clive Efford:** As a brief follow-up, you were talking about redistribution and the situation in London. London contains many national institutions that are funded through various Government bodies. They do not seem to



be disaggregated from this figure that says that London gets a certain amount of funding. That can have an adverse effect on genuine grassroots organisations. Does that concern you?

Chris Philp: I think that is the point that Ben was making. It applies to Cardiff as well. Just looking at the constituency figures for Committee members, Kevin's are by far the highest—*[Interruption.]* Yes, he is happy about that. I assume that that is because lots of Wales-wide bodies are headquartered in Cardiff, which therefore get recorded in the data as being in Kevin's constituency. We do need to make sure that we do a better job of disaggregating that, because a body may be registered in Cardiff, in Edinburgh or in London, in particular, but the money actually gets spent across the whole country. We need to account for that.

Ben Dean: I totally agree. That is very much what we need to do and will be doing.

Q365 **Damian Green:** This is again a quick follow-up. You used a phrase that always makes my blood boil, which is "London and the south-east," as though that is one place. There is a lot of the south-east of England outside London where it is not as easy for people to get the benefit of the great national institutions in London. You have made the point about the Arts Council. At a constituency level, I am particularly grateful to the Arts Council for supporting one big project in my constituency—a dance company. I would hate to think that, whereas the Arts Council shows the subtlety and ability to distinguish between London and the rest of the south-east, the lottery would not. I hope that the lottery does not think of London and the south-east as one area.

Chris Philp: No, they are broken out. I have the south-east figure, which was £91 million last year, so it is a little higher—it is almost exactly the same as the figure for the south-west, in fact. There was £2 million between you.

Damian Green: I would guess that we have a bigger population in the south-east than the south-west does. Is that not true?

Chris Philp: But you were significantly higher the year before. It does also fluctuate year to year.

Q366 **John Nicolson:** Thank you for joining us, Mr Dean and Minister Philp—you are very well briefed, as always, with the facts and figures. Can I start with you, Mr Dean? I am interested in what the rules are for awarding funding to good causes, because some are more controversial than others. Are there any rules in place that prevent the funding of political organisations, with a small "p"?

Ben Dean: There are 12 grant-making bodies across the country, and each of those will have their own set of rules to follow. I am not aware of particular rules that ban any organisation being funded, but clearly that organisation needs to prove that the actual project that is being funded



meets the criteria of that organisation, be it Sport England, the Arts Council or the Scottish equivalent.

Q367 John Nicolson: I have had a lot of mail recently about a grant that has been given to one particular organisation, which I have mentioned here before. The organisation concerned is the so-called LGB Alliance, which the Speaker referred to Commons security because of its record of sending abusive tweets of the most egregious type to Members of Parliament, including myself. This organisation has just been given a grant to fund a helpline for young people. I cannot think of a less appropriate organisation. It has age verification on some of its tweets because they are so abusive. It has been taken off the country's two largest funding sites because it is regarded as a hate organisation. Does it seem appropriate to you for it to be given a grant? Could you answer first, Mr Dean, and then I am happy to bring the Minister in.

Ben Dean: I do not think that it is appropriate for me to comment on the individual grants given by individual organisations, but the Minister may well want to comment.

Chris Philp: I am aware of this case. This was a grant made by the National Lottery Community Fund and it was given to the LGB Alliance. The size of the grant was £9,000 and it was to scope out a national advice service for lesbian, gay and bisexual young people aged between 13 and 25. We have raised this issue, for the reason that you mentioned. We have been assured by the grant-making body, in this case the National Lottery Community Fund, which is an arm's length body—it makes the decisions, not the Government—that its decision-making process was in line with its policies and procedures. You say you have received personal abuse from this organisation.

Q368 John Nicolson: Yes. It has sent tweets saying that I am a rape enabler, that I am a paedophile—the most extraordinary, abusive tweets. Mr Speaker has raised these tweets, having seen them, with Commons security. I am a Member of Parliament and in the prime of middle youth, so I can cope with this, but can you imagine if you were a vulnerable young person of 14 and one of the people who had written those tweets, for example, was on the other end of a helpline? It just seemed the most unlikely and inappropriate organisation to get this funding. Do you know what? I suspect the money was given innocently. I suspect that it was probably a problem of due diligence. I imagine what happened is that they thought, "Oh, LGB Alliance. They sound very nice. It will be for gay young people". They probably did not know the history of abuse, because I cannot imagine that they would have given the grant.

Chris Philp: John, I suspect that you may be right in your supposition. I think that what I should do, given that you have personally been abused in this way—you think that that is representative of the tweets they send more generally, not just to you?

Q369 John Nicolson: Anybody who gave money to them was rewarded with a



tweet from its account. If somebody who gave money to it sent something abusive to and about me, the LGB Alliance would then retweet that. That is why the country's two largest crowdfunding sites took down their accounts. They also had their blue tick removed by Twitter and, as I say, age limitations have been put on to some of their tweets because of the content.

Chris Philp: If you can send me copies of those tweets—I can give you my email address afterwards—I think that I should write to the relevant body again, the National Lottery Community Fund, asking about the due diligence process they may or may not have gone through, provide the tweets you refer to and ask that those are taken into account before any further funding decisions get made.

John Nicolson: Thank you. I appreciate that.

Chris Philp: I am very sorry to hear that you experienced that as well. No one should have to suffer that.

John Nicolson: Thank you, Minister.

Q370 **Damian Green:** I agree that any kind of hateful tweets should be stopped and are wrong, but I should also say, Minister, and ask you to comment on the fact that, the characterisation of the LGB Alliance that you have just heard is, I think, incorrect. You should be aware that Stonewall and its allies are trying to cancel this organisation because it strongly disagrees with Stonewall's policies on trans issues. This is a very live debate. In fact, when Lord Parkinson was here last week, we had questions and answers, and he made it clear that he thought the LGB Alliance were entirely appropriate to receive grants through the lottery. There is correspondence about this subsequently, before you reach a conclusion.

Chair: May I make a suggestion at this point?

Chris Philp: I did not obviously reach any judgment in the comments I just made. I said that I would raise the issue with the grant-making body. The issue has been raised by a Member of Parliament. and I think it is right that I pass that on to the relevant grant-making body. I did not myself make any value judgment, because I am not in possession of all the facts.

Damian Green: I think that is very sensible.

Chair: Thank you, Damian, and thank you, John. Minister, if you could take those two opinions away, you can then write to both Members if that is okay. We are now going to focus on the matter in hand, and the final question will come from Steve Brine.

Q371 **Steve Brine:** On to happier matters and calmer waters. I have two things, Minister, the impact of the pandemic and then a little bit about prize draws.



As you know, nearly a quarter of charities had no reserves at the outbreak of covid-19, which obviously put them in an incredibly fragile position. The National Lottery Community Fund announced that its funding would prioritise organisations supporting people at high risk from covid, and I think the NLHF invested more than £400 million in the heritage sector. It was big news, and obviously there was the £2 billion Culture Recovery Fund. Can I investigate with you your plans for future crises? You will see that there is a lot of work going on today, epidemiologically, that Oxford is hoping to lead around future pandemics. What work is being done or starting to be done within Government around how we can be more nimble and move more quickly in the event of a future pandemic or crisis, building on what we have seen over the last couple of years? The CRF was great, but it took quite a while, understandably. What work is being done so that we can be more nimble in the future?

Chris Philp: Thank you for the question. Yes, we are committed to making sure that we learn lessons from the covid experience in the context of grant giving and particularly culture and sport. Last year, an evaluation of the Culture Recovery Fund was commissioned. It has not been published yet, but it has been commissioned and it is being worked on at the moment.

Q372 **Steve Brine:** When do you think that will be published?

Chris Philp: I am afraid I don't know. Do you know, Ben?

Ben Dean: I don't know.

Q373 **Steve Brine:** When would you like it published?

Chris Philp: It was commissioned in 2021, so I would think 12 to 18 months from the point at which it was commissioned would be a reasonable timeframe.

One of the purposes of that evaluation is to learn the lessons from covid. I think the response when it happened was pretty comprehensive. As you said, the Culture Recovery Fund since August 2020 has distributed £1.57 billion, so nearly £2 billion, to 5,000 organisations, which was a lifeline for regional theatres, museums, independent cinemas and so on.

It is also worth mentioning that the National Lottery itself. The 12 distributing bodies did step up very quickly and in the course of the covid response contributed about £1.2 billion. I mentioned earlier the fact that they carry reserves—so money they have collected from the National Lottery that they have not yet handed out. In the context of a situation like covid, having those reserves is so important, because you can respond when something unexpected happens that might depress ticket sales and create a financial need.

Q374 **Steve Brine:** In terms of my question, then, about work being done to make sure that the piping is in place, if you like, so that we can move



quickly, that is about the review of the CRF?

Chris Philp: It is, yes.

Steve Brine: Maybe you will come back to us when that is out. Is there anything else that we need to know about preparation for future pandemics as far as the work that your Department is doing? By all means, come in, Ben.

Ben Dean: There is the wider public inquiry more generally on covid, which we are clearly, as a Department, feeding into. Following on from the Minister's comments, another example where I think it worked extremely well is that Sport England set up an emergency covid fund very quickly and put £35 million in it from its reserves, which was to give very quick grants through a very minimal process to organisations, many of whom it already had established relationships with. Clearly, one of the things we are looking at is how you get that balance right between being able to get money out the door quickly but being able to do enough due diligence to ensure that it is going to proper organisations that will spend it wisely.

Q375 **Steve Brine:** Okay, good. The other part is about the prize draws such as Omaze, which as you will know is a large American for-profit company. They are competitors to lotteries in some ways, but they face little, if any, regulation. You can imagine my excitement when, watching television with my children recently, I saw a sunshine-soaked villa that I could win. They said, "That looks nice, Daddy—let's enter that." Little did they know that we had very little chance of winning it.

If you look at the society lottery regulations, which you will know well, tickets are the same price, there is a maximum prize, and the prize is worth no more than 10% of ticket sales. Then, if you look at these prize draws, there are some free tickets and there are some paid tickets. Often you will enter once and you get one free entry. There is no limit on the value of the prize draw. There is no ratio of prize to ticket sales. There is no limit on the number of tickets sold per draw. There is no annual turnover limit. There is no actual requirement to donate to charity, although they obviously say on their website that they will donate a certain amount to charity. On one particular game, Omaze said they would give 80% of the net proceeds of the draw to the RSPCA, but there is no actual requirement on them to do that. What I am saying is that there is very little, if any, regulation. What threat do these prize draws pose to the charitable giving of the lottery sector? Are you concerned about the fact that they are unregulated?

Chris Philp: We are very aware of the issues that you are raising and the impact that activity in this area may have on other parts of the fully regulated sector. We obviously have a gambling White Paper due to come out, I hope, quite imminently. I do not want to pre-empt its contents, but this is the kind of topic that might feature in that.

Q376 **Steve Brine:** Might I be excited when that comes out? Excited is a



limited word, of course.

Chris Philp: Regardless of this issue, I am sure you will be excited by it in general, because it is a very exciting document. I do not want to comment on the specifics that may be in it, but I will just say that this is an issue we are aware of and the White Paper might be a place where it gets addressed.

Steve Brine: As you know, Minister, I am a very cheery, half-full person, generally speaking. *[Laughter.]* I do not see why that is funny. Generally speaking, should they face similar regulation, in your personal opinion?

Chris Philp: I don't want to pre-empt the contents of the White Paper.

Steve Brine: I know that you do not want to, but my question is to try to get you to.

Chris Philp: Okay. Let me rephrase my response more emphatically. I am not going to pre-empt the contents of the White Paper, but it is an issue we are extremely aware of.

Steve Brine: That sounds promising.

Chair: Thank you very much. On the bombshell of the excited Steve Brine, I am going to bring this session to a conclusion. Thank you very much, Minister Chris Philp and Ben Dean, for your evidence today. We will take a short adjournment as we go on to our second panel on promoting Britain abroad.