



Stronger Charities.
Stronger Communities.

THE WHEEL'S SUBMISSION TO THE
PUBLIC CONSULTATION ON NATIONAL
LOTTERY FUNDING

April 2022

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About The Wheel

The Wheel is Ireland's national association of community and voluntary organisations, charities and social enterprises. We are the representative body for this vibrant and diverse sector and, together with our members, we shape and promote conditions in which people and their communities thrive. We passionately believe that community and voluntary action improves and enriches communities and society.

Our simple but ambitious mission is to make Ireland a fair and just place for all by strengthening the capacity and capability of community and voluntary organisations, charities and social enterprises to play their part. We do this by representing these organisations, supporting these organisations to do their work, and promoting the importance of the voluntarism and community values that power these organisations.

The Wheel has 2,000 members and provides support services and representation on behalf of these members relating to matters that reflect their collective interests.

About the Charity, Community and Voluntary and Social Enterprise Sector

Independent, community-based, voluntary organisations have long played a key role in supporting and advocating with and for people and communities in Ireland. Indeed it is often through the initiative and advocacy of self-organising communities that many community, health and social care services have been initiated.

Community and voluntary organisations are involved in every community in the country, providing health and social supports, services and advocacy on behalf of people with disabilities, older people, young people, children, people experiencing poverty and disadvantage, and people at every stage of the lifecycle. Over the two years, the COVID-19 pandemic has demonstrated the extent to which we rely on the community and voluntary sector, especially in difficult times.

These organisations played a key part in sustaining communities during the crisis, demonstrating their core role as part of Ireland's public service infrastructure. They restructured services to deliver remotely, responded to the need for socially-distanced and safe provision, cut costs, redirected resources to priority areas and designed new service responses targeted at meeting emergent need.

The community and voluntary sector constitutes a significant social economy within the broader economy. It comprises almost 35,000 community, voluntary and charitable organisations, involves over 86,481 volunteer directors and trustees, directly employs 165,000 people, and manages income of €14.2bn per year. These organisations raise over half of this income (more than €8.3bn) themselves, majorly subsidising the cost of public services in Ireland. Indecon Economic Consultants (in a report published by the Charities Regulator in 2018) estimate that the total direct, indirect, and induced value of the work of Ireland's charities exceed €24bn per annum and supports 289,000 employees.

The Focus of this Submission

The Wheel welcomes the review of the way in which National Lottery funds are allocated in Ireland, including the underlying principles of **allocation, accessibility of funding, transparency** of data and methods for **monitoring and review**.

We believe that a series of reforms based on these principles, as well as an emphasis on internal coherence, joined-up thinking within Government, and best practice lessons from Ireland and further afield, could improve the process without any radical overhaul.

Summary of recommendations:

- Put formal engagement structures and processes in place to involve charities, beneficiary representative bodies, stakeholder groups and those that operate in the area of ‘good causes’ to develop a clear framework for the allocation of Lottery funds
- Develop and publish a clear framework for the allocation of Lottery funds
- Increase the portion of funding for open call
- Ensure that ‘additionality’ be included as a core principle in the development of any overarching policy strategy for Lottery funding, while ensuring that crucial services and supports (such as in the area of arts and sports) currently funded by the National Lottery remain fully funded by the exchequer if there is a move to a more open application process for a portion of Lottery funds
- Publish the details of National Lottery funding allocation in a centralised and accessible way through an online portal
- Simplify and clarify application processes and timelines for National Lottery funding
- Improve the coordination and coherence between Government departments and state agencies that currently allocate Lottery funding by publishing a clear allocation framework and rationale
- Establish a process of communication, reporting and review between departments that allocate Lottery funding
- Join up thinking and communication within Government to ensure coherence with existing channels of reporting required by statutory funders and the Charities Regulator
- Engage with charity stakeholders in a meaningful way to ensure effective monitoring and impact reporting on Lottery funding, as well as reviewing issues around transparency, accessibility and coordination
- Utilise best practice on reporting from within government departments who already fund community and voluntary organisations
- Ensure that information about funding allocation is coherent with the categories and classifications utilised by relevant departments

Recommendations

1. Put formal engagement structures and processes in place to involve charities, beneficiary representative bodies, stakeholder groups and those that operate in the area of 'good causes' to develop a clear framework for the allocation of Lottery funds

The Wheel welcomes the Department's engagement with charity stakeholders through this review. We believe that a vital part of reforming the current system is ongoing engagement with the relevant organisations detailed above to develop a coherent funding allocation framework for National Lottery funds.

Charities, beneficiary representative bodies, stakeholder groups and those that operate in the area of 'good causes' are also well placed to participate in **developing a new framework for the allocation of Lottery funds**, to **participate in identifying themes and priorities for funding allocation**, to advise on **designing innovative programmes and to suggest cost-effective funding criteria that benefits everyone**. The stakeholders should be convened regularly as a **stakeholder forum** to review implementation of the framework and advise on an ongoing basis on the shape of the programme.

2. Develop and publish a clear framework for the allocation of Lottery funds

In its consultation document, the Department acknowledges that there is currently "a lack of clarity regarding the overarching policy goals which inform how funding is allocated and utilised". A vital second step, after consultation with charities, beneficiary representative bodies, stakeholder groups and those that operate in the area of 'good causes', is **development of a clear policy framework** that can be understood across Government departments, by potential funding applicants and by the wider public.

This is a crucial step that would underpin further reforms of the way in which the National Lottery currently operates. It would help improve public understanding of Lottery funding in Ireland, improve efficiency and coherence around funding allocation within Government, and enhance accessibility for charities. This framework should then be subject to periodic review with the stakeholder forum as referenced above.

3. Increase the portion of funding for open call

As the representative body for charities, community and voluntary organisations, and social enterprises, The Wheel is particularly concerned with the issue of **accessibility of Lottery funds**, which is acknowledged in the Department's statement that "organisations in the not-for-profit sector have communicated their frustration regarding the difficulties they face when attempting to access Good Causes funding."

Based on feedback from our members, we recommend **increasing the portion of funding available for open call applications**, as the current amount is insufficient for the number of potential applicants. Increasing it would allow for a fairer access to funding and facilitate applications by “new and emerging good causes projects”, which is a stated aim in the consultation document. This would strengthen connection between National Lottery funding and the vibrant diverse landscape of community and voluntary organisations across Ireland who work towards good causes.

Increasing funding for open call applicants should not come at the expense of organisations that benefit from funding (in the areas of sport and arts in particular and others) and if more funding is reallocated to open call treatment then currently funded organisations should continue to receive funding from the exchequer if necessary (this point is elaborated on below).

4. Ensure that ‘additionality’ be included as a core principle in the development of any overarching policy strategy for Lottery funding, while ensuring that crucial services and supports (such as in the area of arts and sports) currently funded by the National Lottery remain fully funded by the exchequer if there is a move to a more open application process for a portion of Lottery funds

In its summary of potential allocating principles for the National Lottery, the Department suggests that “contributions from the Lottery should create additional impact”. The Wheel believes that this should be an important underlying policy aim for allocation in Ireland. Under the current system, significant sections of the nation’s social, cultural and economic activity rely almost entirely on Lottery funding.

While immensely valuable to charities across Ireland, **Lottery funding should not serve as a substitute for state funding of essential services and supports in areas such as sports and the arts**, which are central to our national wellbeing. Ensuring the sustainability of these areas of activity may necessitate diversification of funding streams within Government.

5. Publish the details of National Lottery funding allocation in a centralised and accessible way through an online portal

The consultation document notes that “the link between funds raised by purchases of Lottery products and the subsequent expenditure which ultimately benefits Good Causes is not as strong as it might be”. This highlights the need for **greater transparency about the way in which Lottery funds are allocated** and indeed the details of what is allocated to whom.

There is need for improved transparency between Government departments as well as with the public and with potential funding recipients. Currently, the details of where Lottery funding goes are only available after allocation by searching through the Revised Estimates. Public understanding of

who receives Lottery funding is low and this has led to a disconnect developing that is not seen in other countries. This is likely to have a negative impact on lottery sales in the future. It also has a negative impact on trust in Government and understanding of the value provided by charities in Ireland, so greater transparency is of benefit to all. The Benefacts giving report published in 2021 noted that “state bodies administering these funds do not themselves know how much of their grant-in-aid is derived from Lottery sources, and in only a few cases in the source of funding advertised in connection with the scheme” so clearly greater transparency within the relevant state bodies is also needed.

We recommend publishing the details of National Lottery funding in an accessible and straightforward online portal. Publishing information in this way would be coherent with the Department’s stated aim of strengthening the link between Lottery funding and ‘good causes’ outcomes. It would also be in line with the Government’s broader open government commitments.

6. Simplify and clarify application processes and timelines for National Lottery funding

The Wheel receives many queries from member organisations who are struggling to understand the processes involved in applying for National Lottery funding or whether they are eligible at all. This would in part be addressed by publishing current allocation details through the online portal detailed above, as well as by **simplifying and clarifying application processes and timelines for National Lottery funding.**

Small organisations, in particular, have reported struggling with the administrative complexity of applying for Lottery funding. Premier Lotteries Ireland (PLI) itself notes that they are often contacted by potential funding applicants struggling to understand how the system works. It is often necessary to apply for funding from diverse governmental bodies across multiple programs, with non-standardised and often onerous application processes run without predictable time scales. The absence of predictable timescales to apply for funding and within which applications will be considered is a significant concern for these groups.

As acknowledged in the consultation document, this also prevents potential “new and emerging Good Causes projects” from applying for Lottery funding, which means that Lottery funding does not reflect the vibrant and diverse landscape of charitable activity in Ireland. **We believe this could be easily addressed by reviewing the application process based on best practice models from within Government.**

7. Improve the coordination and coherence between Government departments and state agencies that currently allocate Lottery funding by publishing a clear allocation framework and rationale

In order to develop a clear policy and allocation framework (as detailed in recommendation 2), there is a need for **improved coordination and coherence between government departments and**

state agencies that allocate Lottery funding. This would ensure that funding allocation is informed by cross-governmental understanding.

The consultation provides several international examples as suggestions for how funding allocation might be better coordinated, including establishing a central body or handing over allocation to an existing entity. We believe that these options are unnecessary and would not utilise the existing expertise on funding allocation within departments that work in partnership with the community and voluntary sector. **Responsibility for the overall approach should be kept within the civil service.**

‘Good causes’ extend across departments and there is value in including officials who are involved in commissioning services from charities and allocating other types of funding, as they have an understanding of their work and the supports they provide. Better coordination and a joined-up-government approach would tackle this issue, keeping responsibility for the overall approach within the civil service.

8. Establish a process of communication, reporting and review between departments and agencies that allocate Lottery funding

In line with previous recommendations, we suggest that a consistent approach to communication and reporting is taken by departments that allocate National Lottery funding. This need not be an onerous requirement once processes are established and should utilise existing technology and processes used by Government.

9. Join up thinking and communication within Government to ensure coherence with existing channels of reporting required by statutory funders and the Charities Regulator

In the consultation document, the Department states that “Clearer acknowledgement/reporting should be provided by funded bodies who are in receipt of lottery funds on the use of support they receive”. We acknowledge that a vital part of improving the way in which Lottery funding is allocated in Ireland and its connection to ‘good causes’ is improving the governance processes that currently exist. The Wheel has worked for many years on supporting the highest standards of governance in the sector and establishing a Charities Regulator. This is directly related to the transparency issue and an important component in improving public understanding of Lottery funding and its impact.

However, it remains crucial that **charity funding recipients are not shouldered with additional onerous compliance reporting requirements.** Many charities in Ireland are already funded by multiple statutory bodies and therefore engaged in a range of different onerous contractual and reporting cycles. The Wheel’s own survey of members in 2021 showed that two thirds of respondents are required to report the same compliance data to multiple sources, but only 30% of

respondents have dedicated compliance staff, demonstrating the significant challenge that these organisations face in meeting these requirements. Coherence and avoidance of reporting duplication should be the objective.

10. Engage with charity stakeholders in a meaningful way to ensure effective monitoring and impact reporting on Lottery funding, as well as reviewing issues around transparency, accessibility and coordination

In order to achieve effective impact reporting and monitoring of Lottery funding, we recommend meaningful ongoing engagement with charity stakeholders through the establishment of a stakeholder forum as noted above.

We also suggest utilising best practice on reporting and engagement from within government departments who already fund community and voluntary organisations, as much work has been developed already in the area of appropriate impact reporting.

11. Ensure that information about funding allocation is coherent with the categories and classifications utilised by relevant departments

Finally, we recommend ensuring that the framework developed for the allocation of National Lottery funding, as well as the information published through the online portal, is coherent with categorisations and classifications already in use by government departments and bodies such as the Charities Regulator. This would enhance the capacity for producing national and international comparative data for the purpose of ongoing review.

Contact

Lily Power, Policy Officer, The Wheel
lily@wheel.ie