EXPLANATORY MEMORANDUM TO THE

OLYMPIC LOTTERIES (PAYMENTS OUT OF FUND) REGULATIONS 2006

2006 No. 655

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

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

The Regulations provide for payments out of the Olympic Lottery Distribution Fund in respect of the Secretary of State's and National Debt Commissioners' expenses under Part 3 of the Horserace Betting and Olympic Lottery Act 2004, and in respect of the National Lottery Commission's expenses.

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

None

4. Legislative Background

4.1 These are the first Regulations to be made under section 26 of the Horserace Betting and Olympic Lottery Act 2004. They will, subject to annulment in pursuance of a resolution of either House, come into force on 31st March 2006.

4.2 Part 3 of the Horserace Betting and Olympic Lottery Act 2004 makes provision for Olympic Lotteries, including the Olympic Lottery Distribution Fund, into which proceeds of Olympic Lotteries are paid.

4.3 These Regulations allow for expenses incurred by the Secretary of State, the National Debt Commissioners and the National Lottery Commission, in connection with their functions in relation to the Olympic Lotteries, to be met out of the Fund. The Regulations make similar provision as is made in section 31 of the National Lottery etc Act 1993 in relation to the National Lottery Distribution Fund.

4.3 In accordance with section 26 of the Horserace Betting and Olympic Lottery Act 2004, Regulation 2 provides that payments may only be made out of the Fund in respect of the Secretary of State's and National Debt Commissioners' expenses with the consent of the Treasury.

4.4 Regulation 3 provides that, in determining what amount should be paid out of the Fund in respect of the National Lottery Commission's expenses, the Secretary of State must take into account any fees received by the Commission under section 7(6) of the National Lottery etc. Act 1993, and any payments out of the National Lottery

Distribution Fund in respect of the Commission's expenses under section 31(2)(aa) of the National Lottery etc. Act 1993.

5. Extent

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 As noted above, Part 3 of the Horserace Betting and Olympic Lottery Act 2004 makes provision for Olympic Lotteries, as part of the National Lottery. It is intended that these hypothecated Olympic Lottery games will raise £750 million towards the staging costs of the London 2012 Olympic and Paralympic Games. The Act also provides for the setting up of an Olympic Lottery Distribution Fund to hold income from the Olympic Lottery games, and a Distributor to distribute monies from the Olympic Lottery Distribution Fund by way of grants or loans for the provision of facilities, services and functions which the Distributor considers necessary or expedient for the staging of the 2012 Games.

7.2 The Secretary of State has a range of functions in relation to the Olympic Lotteries under Part 3, including overseeing the financial and policy framework within which the Olympic Lottery Distributor distributes money out of the Olympic Lottery Distribution Fund, and making orders relating to the operation of the Lotteries and Fund.

7.3 The National Debt Commissioners have functions under section 27 of the Act to invest the money in the Olympic Lottery Distribution Fund.

7.4 The National Lottery Commission's function in relation to the Olympic Lotteries is to oversee their operation, including by licensing bodies corporate to promote the lotteries, and monitoring such bodies' performance.

7.5 It is government policy that expenses incurred in connection with functions relating to the operation of the Olympic Lotteries should, where possible, be met out of the proceeds of those lotteries.

7.6 The same policy is given effect to in relation to the National Lottery by section 31 of the National Lottery etc Act 1993, which provides for expenses of the Secretary of State, National Debt Commissioners and National Lottery Commission to be met out of the National Lottery Distribution Fund.

7.7 These Regulations give effect to the policy in relation to the Olympic Lotteries. Expenses incurred by the Secretary of State, National Debt Commissioners and National Lottery Commission in connection with their functions as described above, will be met by payments out of the Olympic Lotteries Distribution Fund.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector of the Regulations will be relatively minor. Officials within the Department for Culture, Media and Sport will be required to calculate the value of the Secretary of State's expenses which are attributable to functions under Part 3 of the Horserace Betting and Olympic Lottery Act 2004. Officials will have to undertake a similar exercise for expenses of the National Debt Commissioners and National Lottery Commission. The Treasury will be required to review and give its consent to proposed payments in respect of the Secretary of State's and National Debt Commissioners' expenses. Finally, officials will have to administratively effect payments out of the Olympic Lottery Distribution Fund. In practice, officials already carry out all of these tasks in respect of payments out of the National Lottery Distribution Fund.

9. Contact

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