EXPLANATORY MEMORANDUM TO

THE PAYMENTS INTO THE OLYMPIC LOTTERY DISTRIBUTION FUND ETC. ORDER 2008

2008 No. 255

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.

2. Description

2.1 This Order confers on the Secretary of State for Culture, Media and Sport the power to make payments from the National Lottery Distribution Fund ("NLDF") into the Olympic Lottery Distribution Fund ("OLDF") and for those payments to be treated as if paid out of money allocated to the National Lottery good causes of the arts, sport, the national heritage and expenditure that is chartable or connected to health, education or the environment. This Order also reallocates balances held in the NLDF between the distributing bodies within the sport good cause.

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

3.1 None.

4. Legislative Background

4.1 The Horserace Betting and Olympic Lottery Act 2004 established the OLDF and provides for the proceeds for lotteries forming part of the National Lottery and designated as Olympic Lotteries to be paid into that Fund. This money is to be distributed by the Olympic Lottery Distributor for expenditure connected to the London 2012 Olympic and Paralympic Games. The National Lottery etc. Act 1993 established the NLDF and provides for the proceeds of lotteries forming part of the National Lottery which are not designated as Olympic Lotteries to be paid into that Fund. The NLDF money is allocated to the National Lottery good causes for distribution by the National Lottery distributors.

4.2 Under section 25 of the 2004 Act the Secretary of State may make an order, subject to the affirmative resolution procedure, permitting him to make payments from the NLDF into the OLDF. The Order must specify that the payments are to be treated as if paid out of money allocated for one or more of the purposes mentioned in section 22(3) of the 1993 Act i.e. the National Lottery good causes. This Order uses this enabling power for the first time.

4.3 Under section 29A of the 1993 Act the Secretary of State may by order, also subject to the affirmative resolution procedure, reallocate funds held for distribution in the NLDF by a Lottery distributor to be held instead by another Lottery distributor. However, such an order may not change the good cause for which the money is allocated. This Order uses this enabling power for the first time.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

The Minister for Sport, Gerry Sutcliffe, has made the following statement regarding Human Rights:

In my view the provisions of the Payments into the Olympic Lottery Distribution Fund etc. Order 2008 are compatible with the Convention rights.

7. Policy background

7.1 In May 2003, the Government announced its decision to support the British Olympic Association's bid to stage the 2012 Olympic and Paralympic Games in London. At that time, it was envisaged that a public funding package of up to £2.375 billion would be sufficient funding to meet costs, including support for elite athletes, and to provide an acceptable level of provision for potential contingencies. This was later supplemented by £1.044 billion from the Exchequer to support Olympic regeneration (see paragraph 7.2 below). The £2.375 billion comprised: up to £1.5 billion from National Lottery proceeds; £625 million from a London council tax precept; and a £250 million contribution from the London Development Agency.

The Lottery contribution of up to £1.5 billion had three elements:

- £750 million from new National Lottery games specifically to support the 2012 Olympic and Paralympic Games and designated as Olympic Lotteries. The proceeds from these games are paid directly into the OLDF. This will have an effect on the non-Olympic distributors, albeit not a precisely quantifiable one, because sales of the Olympic Lotteries will be diverted to some extent from sales of other Lottery games.

- £340 million to be spent by the home country sports Lottery distributors from their share of income from the proceeds of mainstream National Lottery games. These funds will be spent to maximize the benefits to sport in the UK of the 2012 Olympic and Paralympic Games.

- £410 million from the proceeds of mainstream National Lottery games from 2009 to 2012. The Government confirmed in June 2006 that the full £410 million would be required. It has subsequently announced its decision to seek contributions towards the £410 million from twelve of the thirteen non-Olympic distributors – the exception being UK Sport – in proportion to their fixed percentage shares of the income the Lottery raises for good causes. This Order permits the Secretary of State to make payments from the NLDF to the OLDF to give effect to this transfer.

7.2 Following a thorough review of costs, initiated by the Secretary of State after winning the Olympic bid, the Government established that there was a need to increase the allowances made for contingency and inflation and to meet other costs that had emerged from the detailed review including the increased costs of security in the wake of the tragic events of July 2005. The Secretary of State for Culture, Media and Sport announced to Parliament on 15 March 2007 that the increased costs and contingency would be met from: an Exchequer contribution of £6 billion (including the £1 billion already committed for Olympic regeneration – see 7.1 above); a further £300 million from the Mayor of London; and through seeking a further £675 million from the National Lottery. Of this £250m will be transferred from the arts, sport and national heritage good causes and £425m from the good cause distributed by Big Lottery Fund. Resources to the voluntary sector will, however, be protected and we have agreed with the Big Lottery Fund that it will honour its commitment to give 60-70% of its funding to the voluntary and community sector.

7.3 These amounts were arrived at after an assessment which set the available future income to these causes alongside the funding needs of the 2012 London Olympic and Paralympic Games. In the case of the Big Lottery Fund, the Government had particular regard to the scale of programmes for the future already announced, and the expectations this had generated. It was decided to adjust down from £450m the contribution from this cause to enable the Fund better to manage those expectations.

7.4 As with the £410 million element of the original Lottery contribution, this Order permits the Secretary of State to make payments from the NLDF to the OLDF to give effect to these transfers: the Government proposes to seek £425m of this from the Big Lottery Fund and the remaining £250 million from eleven of the other twelve non-Olympic distributors, in proportion to their fixed percentage shares of Lottery income and with no contribution from UK Sport. To seek a contribution from UK Sport would adversely affect their important task of preparing elite British athletes both for the Beijing Olympics in 2008 and London 2012.

7.5 The proposed £675 million additional transfer from non-Olympic Lottery income is significantly less than might have been sought under the terms of the Memorandum of Understanding between the Government and the Mayor of London. It need not impact on any existing commitments made by any for any distributor. It will, naturally, have some effect on the extent to which distributors are able to make new grant commitments to in the good cause areas they support during the run-up to the 2012 Games. However, the Government is confident that the revised Olympic budget is robust, and does not expect to make any further call on the Lottery. To the extent that Lottery funding is not drawn down by the Olympic Delivery Authority (ODA) it will be transferred back from the OLDF to the NLDF.

7.6 The Order works in two ways. First, article 2 allows the Secretary of State to make payments from the NLDF to the OLDF amounting to £1085 million (£410 + £675 million). These payments will be made in 13 equal payments of £73 million starting on 1st February 2009 and for the next 12 quarters; and in 2 payments of £68 million on 1st May and 1st August 2012.

7.7 Secondly, articles 3 and 4 provide that when a payment mentioned in paragraph 7.6 is made then payments are made within the NLDF from the sports distributing bodies to UK Sport. This intra-sport good cause transfer is needed to ensure that UK Sport does not contribute to the £1085 million transfer. This cannot be achieved by the payments mentioned in paragraph 7.6 as those payments can only be allocated against a good cause and not against an individual distributor.

7.8 The net effect of this Order on each distributor is set out in the table below:

Distributor	Contribution to £410m	Contribution to £675m	TOTAL
Arts Council England	£49.567m	£62.933m	£112.499m
UK Film Council	£9.604m	£12.193m	£21.797m
Arts Council of Northern Ireland	£1.989m	£2.525m	£4.514m
Scottish Arts Council	£5.498m	£6.981m	£12.478m
Scottish Screen	£0.824m	£1.046m	£1.870m
Arts Council of Wales	£3.552m	£4.509m	£8.061m
Big Lottery Fund	£213.098m	£425.0m	£638.098m
Heritage Lottery Fund	£71.033m	£90.188m	£161.220m
Sport England	£44.040m	£55.916m	£99.956m
Sport Northern Ireland	£1.847m	£2.345m	£4.192m
Sport Scotland	£5.754m	£7.305m	£13.059m
UK Sport	NIL	NIL	NIL
Sports Council of Wales	£3.196m	£4.058m	£7.255m

All figures rounded to nearest £0.001m

7.9 After the Secretary of State's 15th March announcement, a period of intense discussion with Lottery distributing body representatives followed to inform the drafting of the Order. The key outcome of this initial consultation was the proposal to make quarterly rather than annual transfers from the NLDF to the OLDF to help the distribution bodies manage their cashflow more easily.

7.10 This was incorporated into the full statutory consultation process launched by Tessa Jowell on 27th May. All the Lottery distributing bodies were consulted, along with key representative bodies of the affected sectors and the Devolved Administrations. Three months was allowed for comments, though in practice submissions have been accepted that arrived after 27th August.

7.11 The responses indicated a high level of general support for the London 2012 Olympic and Paralympic Games, while regretting the short-term loss to their sector. Lottery distribution bodies showed a good degree of preparedness for dealing with a lower level of resources than they had previously expected, while being candid in setting out to Government the kind of projects and programmes that might need to be scaled down or deferred. The move from annual to quarterly payments was generally welcomed, and will be adopted. There were some calls for further flexibility in the timing of the payments, and while there are currently no plans to do this the Government will keep this aspect under review based on emerging Olympic cash flow requirements. The Order as drafted allows the Secretary of State to make the transfers on *or after* the dates specified, so a degree of flexibility for future discretion is built in.

7.12 A more detailed summary of the consultation responses received is available at www.culture.gov.uk.

8. Impact

8.1 An Impact Assessment is attached to this memorandum.

9. Contact

Andy Robson at the Department for Culture, Media and Sport Tel: 020 7211 6354 or e-mail: andrew.robson@culture.gsi.gov.uk can answer any queries regarding the instrument.

Summary: Intervention & Options

Department /Agency:	Title:	
Department for Culture, Media and Sport	**Impact Assessment of The Payments into the Olympic Lottery Distribution Fund Etc Order 2008**	
Stage:	**Version:**	**Date:** 12 October 2007

Related Publications: The Payments into the Olympic Lottery Distribution Fund etc. Order 2008, the Explanatory Memorandum to the Payments into the Olympic Lottery Distribution Fund etc. Order 2008

Available to view or download at:

http://www.

Contact for enquiries: Andy Robson **Telephone:** 0207 211 6354

What is the problem under consideration? Why is government intervention necessary?

Meeting costs associated with delivery of the Olympic and Paralympic Games. The Lottery funding in the Order is an essential (11%) part of a stream of funding for the London 2012 Olympic and Paralympic Games, 64% of which would be from the exchequer, 13% from the Mayor (GLA and LDA together) and 12% from the Olympic Lottery and Sport Lottery sources together.

The transfer to the Olympic good cause from the other Lottery good causes can only be made by Government.

What are the policy objectives and the intended effects?

Achieving a sound financial funding base for the London 2012 Olympic and Paralympic Games so that it can be successfully delivered with first class venues and facilities and a legacy of regeneration, inspiration and sporting excellence. The effect will be the transfer of a total of £1,085m to the Olympic Lottery Distribution Fund between February 2009 and August 2012. £410 million of this additional lottery funding is a stream that was included in the original public sector funding package announced to Parliament in 2003. It is proposed by the Olympic Lottery Distributor that £555 million of the new funding of £675 million announced in March 2007 would go into the program contingency fund. This would give a possibility (though no guarantee) that some of it might not be required.

What policy options have been considered? Please justify any preferred option.

These amounts were arrived at after an assessment which set the available future income to these causes alongside the funding needs of the Olympic and Paralympic Games. For the Big Lottery Fund, the Government had particular regard to the scale of programmes for the future already announced, and the expectations this had generated. It was decided to exclude UK Sport from contributing as this would adversely impact on preparing the UK's athletes for the 2012 Games. These options were considered in the context of wider negotiations within Government over the amount of contribution from the Government's public expenditure plans which could be made.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

No review of policy of holding the 2012 Olympic and Paralympic Games is possible as Government is contractually obliged to do so. A full evaluation structure is in place for the 2012 Games. There is an agreement with the Mayor of London (Memorandum of Understanding : 27 June 2007) to share the profit on LDA land sales following the Games, with a view to recovering to the Lottery distributors an amount up to £675 million.

Ministerial Sign-off For SELECT STAGE Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

.....Date:

Summary: Analysis & Evidence

Policy Option:	Description:

COSTS

ANNUAL COSTS	Description and scale of **key monetised costs** by 'main affected groups'
One-off (Transition) **Yrs**	
£ NIL	
Average Annual Cost (excluding one-off)	
£ NIL	**Total Cost** (PV) **£ NIL**

Other **key non-monetised costs** by 'main affected groups'

BENEFITS

ANNUAL BENEFITS	Description and scale of **key monetised benefits** by 'main affected groups'
One-off **Yrs**	
£ NIL	
Average Annual Benefit (excluding one-off)	
£ NIL	**Total Benefit** (PV) **£ NIL**

Other **key non-monetised benefits** by 'main affected groups'

Key Assumptions/Sensitivities/Risks

It is not possible to identify 'winners' and 'losers' from this Order, beyond the fact that it will transfer the sums described in the attached Explanatory Memorandum from one set of good causes to another good cause provided for in the legislation. The key point is that there will be no differential impact.

Price Base Year	Time Period Years	**Net Benefit Range** (NPV) **£**	**NET BENEFIT** (NPV Best estimate) **£**

What is the geographic coverage of the policy/option?				UK
On what date will the policy be implemented?				February 2009
Which organisation(s) will enforce the policy?				DCMS
What is the total annual cost of enforcement for these organisations?				£ NA
Does enforcement comply with Hampton principles?				NA
Will implementation go beyond minimum EU requirements?				NA
What is the value of the proposed offsetting measure per year?				£ NA
What is the value of changes in greenhouse gas emissions?				£ NA
Will the proposal have a significant impact on competition?				No
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	NA	NA	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices) (Increase - Decrease)

Increase of £ Decrease of £ **Net Impact** **£** NIL

Key: **Annual costs and benefits: Constant Prices** **(Net) Present Value**

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

Full details of the policy background, the net effects of the Order on each Lottery Distributor and the mechanics of the Order are described in the Explanatory Memorandum set out below: [NOT INCLUDED IN VERSION OF IMPACT ASSESSMENT ATTACHED TO THE EXPLANATORY MEMORANDUM].

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	*Results in Evidence Base?*	*Results annexed?*
Competition Assessment	No	No
Small Firms Impact Test	No	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	Yes	Yes
Disability Equality	Yes	Yes
Gender Equality	Yes	Yes
Human Rights	No	No
Rural Proofing	No	No

Annexes

The transfer of Lottery funds from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund is a simple process, and has no implications for Competition, Small Firms or Legal Aid. Similarly there is no reason why it should impact on Sustainable Development, Carbon output, Health or the Environment. It has no Human Rights or Rural implications.

An initial screening for Equality Impacts has been carried out, and is attached below. This concludes that there are no Equality implications from the proposed transfers.

Annex A: Department for Culture, Media and Sport: Equality Impact Assessment – Initial Screening

Section	Notes
1. Name of the function/policy to be assessed: The Payments into the Olympic Lottery Distribution Fund etc. Order 2008	
2. What is the aim, objective or purpose of the policy? To help achieve a sound financial funding base for the 2012 Olympic and Paralympic Games	
3. What are the intended outcomes? Transfer of up to £1,085m from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund between 2009 and 2012.	*Consider:* • ***How will you monitor progress towards these outcomes?*** • ***Do the outcomes support or hinder other policies, values or objectives within the Department?*** • *If they hinder other work is this justifiable?*
4. Who are the key stakeholders? The 13 Lottery distributing bodies, the Devolved Administrations, key representative bodies in the policy areas covered by the Lottery	• *Who are the groups/individuals likely to be affected by the function or policy?* • *Who else might have a significant interest in the implementation of this policy?* • *Who else might have knowledge of the impact or potential impact of the policy or function?*
5. Is the aim of the policy or any of its intended outcomes designed specifically to meet the Public Duties, for example to: ➢ Eliminate discrimination? ➢ Promote equality of opportunity? ➢ Promote good relations between different groups? **NO** [*Most functions, policies and practices will not be designed* ***specifically*** *to meet the Public Duties. You need only answer* ***'yes'*** *if the* ***specific intent*** *of the function, policy or practice is to meet the public duties. Otherwise, move on to section 6]*	• *For example, a policy that has the aim of preventing harassment and bullying* • *If the answer is* ***YES*** *to any of the questions, then you are required to proceed to a full impact assessment. You should turn to section 13, though please note that sections 7-12 will help you to conduct a full assessment*

6. Does the function or policy involve or have consequences for members of the public or staff employed by the Department? **YES.** It helps secure a successful 2012 Olympic and Paralympic Games, which is a positive outcome for everyone.	• *If the answer is **YES** proceed to section 7* • *If the answer is **NO** list the evidence or other justification opposite or on an attached sheet that identifies why the function or policy has <u>no</u> consequences for members of the public or for staff employed by the Department* • *If the evidence that you have indicates that there is <u>no</u> impact or likely impact you do not need to conduct an impact assessment <u>but</u> you do need to monitor the implementation of the policy over time to ensure that there continues to be no impact on people. At a minimum this should be every three years* • *If you are sure the answer is **NO**, proceed to sections 13 and 14*
7. Is there any evidence that tells you how the function or policy is working or is intended to work for the intended stakeholders? **YES.** The policy and its implications were carefully considered within Government prior to the policy announcement on 15th March 2007. There then followed a full 3 month consultation with distributing bodies, key stakeholders and the devolved administrations. While there is an impact in terms of reduced resources available for Lottery distributors to distribute, decisions about programmes and applications are for them to make at arms length. There is therefore no differential impact on specific groups as a result of the proposed transfers.	• *If you have <u>no</u> evidence available, then **you will not be able to assess if the policy is relevant to equality*** • *You will need to gather evidence about the effects of the policy on stakeholders. (Please refer to section 2 of the guidance notes on gathering evidence)* • *You should also consider consulting with stakeholder groups and involving*

	disabled people at this stage (Please refer to section 5 on consulting and involving) • *When you have gathered evidence of the effects of the policy on the intended stakeholders, you can then proceed with the initial screening* • *You should ensure that the actions necessary to collect the evidence are identified in an action plan*
8. From the available evidence, is there any reason to believe that people are affected differently or are likely to be affected differently according to any of the listed equality strands, for example, because they have different needs or priorities? Please summarise what the evidence shows and attach the evidence more fully to this screening document or reference where the evidence is available See 7 above.	• *If the answer to any of these questions is **Yes** for any of the strands, you will need to proceed to a full impact assessment. In which case, proceed to section 13, though please note that sections 9-12 will help you to conduct a full assessment* • *If the answer is **No** and the evidence supports this, proceed to section 9* • *If your evidence is not enabling you to identify the impact on different groups, you will need to gather more evidence that allows you to do this. Refer back to section 7 above*

	Yes	**No**	**Not known**		**Yes**	**No**	**Not known**
Age		✓		Race		✓	
Disability		✓		Religion or belief		✓	
Gender		✓		Sexual orientation		✓	

9. Is there any evidence that the function or policy in any way discriminates or might discriminate unlawfully, directly or indirectly against people from any of the listed strands, for example, in terms of access to a service, or the ability to take advantage of an opportunity?

	Yes	**No**	**Not known**		**Yes**	**No**	**Not known**
Age		✓		Race		✓	
Disability		✓		Religion or belief		✓	
Gender		✓		Sexual orientation		✓	

Please summarise what the evidence shows and attach the evidence more fully to this screening document or reference where the evidence is available

See 7 above.

- *If the answer to any of these questions is **Yes** for any of the strands, you will need to proceed to a full impact assessment. In which case, proceed to section 13, though please note that sections 10-12 will help you to conduct a full assessment*
- *If the answer is **No** and the evidence supports this, proceed to section 10*
- *If your evidence is not enabling you to identify the impact on different groups, you will need to gather more evidence that allows you to do this. Refer back to section 7 above*

10. Is there any evidence that people from the groups covered by the listed strands have or may have different expectations of the function or policy in questions?

	Yes	**No**	**Not known**		**Yes**	**No**	**Not known**
Age		✓		Race		✓	
Disability		✓		Religion or belief		✓	
Gender		✓		Sexual orientation		✓	

Please summarise what the evidence shows and attach the evidence more fully to this screening document or reference where the evidence is available

See 7 above. The consultation has not raised any issues of differential expectation.

- *If the answer to any of these questions is **Yes** for any of the strands, you will need to proceed to a full impact assessment. In which case, proceed to section 13, though please note that sections 11-12 will help you to conduct a full assessment*
- *If the answer is **No** and the evidence supports this, proceed to section 11*
- *If your evidence is not enabling you to identify the impact on different groups, you will need to gather more evidence that allows you to do this. Refer back to section 7 above*

11. Is there any evidence that the function or policy affects or might affect relations between groups covered by the listed strands, for example is it, or might it, be seen as favouring a particular group or denying opportunities to another?

	Yes	**No**	**Not known**		**Yes**	**No**	**Not known**
Age		✓		Race		✓	
Disability		✓		Religion or belief		✓	
Gender		✓		Sexual orientation		✓	

Please summarise what the evidence shows and attach the evidence more fully to this screening document or reference where the evidence is available

See 7 above. The consultation has not raised any issues of differential impact between the groups listed.

- *If the answer to any of these questions is **Yes** for any of the strands, you will need to proceed to a full impact assessment. In which case, proceed to section 13, though please note that sections 12 will help you to conduct a full assessment*
- *If the answer is **No** and the evidence supports this, proceed to section 12*
- *If your evidence is not enabling you to identify the impact on different groups, you will need to gather more evidence that allows you to do this. Refer back to section 7 above*

12. Have previous consultations with relevant stakeholder groups or individuals indicated that policies <u>of this type</u> create exclusion or hold specific challenges for any of the listed groups?

	Yes	**No**	**Not known**		**Yes**	**No**	**Not known**
Age		✓		Race		✓	
Disability		✓		Religion or belief		✓	
Gender		✓		Sexual orientation		✓	

Please summarise what the evidence shows and attach the evidence more fully to this screening document or reference where the evidence is available

Evidence from the 2009 Lottery Shares consultation which collected information about respondents ethnicity showed that all ethnic groups had similar responses about the use of Lottery good cause funding. It is unlikely that views about the use of Lottery funding would show any bias.

- *If the answer to any of these questions is **Yes** for any of the strands, you will need to proceed to a full impact assessment. In which case, proceed to section 13*
- *If the answer is **No** and the evidence supports this, proceed to section 13*
- *If your evidence is not enabling you to identify the impact on different groups, you will need to gather more evidence that allows you to do this. Refer back to section 7 above*

13. Is a full impact assessment required? **NO** There is no evidence of any differential impact on the groups associated with this screening that might be caused by the proposed transfers.	• *If the answer is **NO** please use the space opposite to summarise why and attach any further supporting evidence* • *If the answer is **YES** you will need to arrange to carry out a full impact assessment* • *Please note that the information that you have already identified in this initial screening will be valuable to you in carrying out the full impact assessment*
14. If a full impact assessment is not required, please indicate the plans to monitor the implementation of this policy over the next three years. This is a transfer of specific resources, not a long term policy, so no on-going monitoring is applicable. Data required: Timeframe for monitoring:	
15. Please return a copy of this form to:	
Name:	
Unit/Directorate	
Date	