

# The Olympic Lottery Distributor

## FUNDING POLICY

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### **Strategic Priority**

To assist in the achievement of the four main themes which the Candidate File stated will underpin the 2012 Olympic Games and Paralympic games:

- Delivering the experience of a lifetime for athletes;
- Leaving a legacy for all sport in Britain;
- Benefiting the Community through regeneration;
- Supporting the IOC and IPC and the Olympic and Paralympic Movements.

### **Strategic Objectives**

1. To support the delivery of the 2012 Olympic Games and Paralympic Games by funding the provision of the necessary facilities and infrastructure in a manner that:

- Is in accord with the fundamental principles of the Olympic charter and, in particular, that sport is a human right which should be available to all and cannot be reconciled with any form of discrimination;
- Embraces the concept of environmentally sustainable development and which complies with applicable environmental legislation and serves to promote the protection of the environment;
- Delivers post-Olympic use of venues and other facilities and infrastructures and positive legacies, both socially in the local and wider communities and in environmental practices and policies;
- Provides the best possible experience for participants, spectators and viewers of the events.

2. To ensure best value for Lottery money is achieved;

3. To ensure maximum transparency and accountability.

### **Funding Objectives**

Funding is provided by the OLD to support those bodies which are tasked with delivering or implementing the plans of the Olympic Board. In providing this funding, the OLD will actively seek to fund activities related to the implementation of those plans which:

- Ensure the timely and cost-effective delivery of the 2012 Olympic Games and Paralympic Games;
- Directly relate to requirements incorporated in the Host City Contract;
- Contribute to the infrastructure and sports legacy of the games;
- Contribute to a legacy that demonstrates social inclusivity

- Support wider Community and Regeneration benefits;
- Contribute to the delivery of Games which are Low carbon, Zero waste, conserve biodiversity and promote environmental awareness and partnerships.

### **Funding mechanisms**

As envisaged in the Policy Directions, the OLD will establish an allocated grant programme to meet the costs of delivery of the capital and infrastructure element of the Olympic Board's plans.

Organisations which are directly involved in the delivery of the Olympic plans will be eligible to apply for ongoing revenue support to achieve those plans. In addition, other organisations may be invited to make applications. The OLD will consider applications to support the overall business case of the applicant organisation. The OLD does not currently intend to operate open funding rounds or to solicit applications.

Those applicants which are seeking funding in support of the delivery of capital assets and infrastructure will be required to include these costs in their budgets and to provide these budgets, with associated cashflows and project details, as part of the business plans which the OLD is asked to consider.

In agreeing to fund business plans, the OLD will reserve the right to withdraw funding in the event of a substantive and unacceptable revision to the business plan approved, or its associated budgets or cashflows.

The OLD will normally pay grants quarterly and in advance.

The OLD will seek to operate the most efficient and effective monitoring systems possible whilst striving to minimise the administrative burden on grant recipients

### **Financial Plans**

The Horserace Betting and Olympic Lottery Act requires the Distributor to develop a funding policy that must, in particular:

- Specify the sources of that income;
- Estimate the Distributor's annual income;
- Estimate, where possible, the amounts of such grants/loans.

### **Sources of income**

The Horserace Betting and Olympic Lottery Act 2004 provides for any lottery licensed under the National Lotteries Act 1993 to be designated as an Olympic Lottery. Proceeds from dedicated Olympic Lottery games will flow directly into the Olympic Lottery Distribution Fund. A sum of £750 million has been specified to be raised through dedicated games. A profile of how this total will be raised is agreed between the National Lottery Commission, the Secretary of State for Culture, Media and Sport and the Minister for the Olympics and amended periodically.

A further sum of £1,085 million is specified in the Payments into the Olympic Lottery Distribution Fund etc. Order 2007. Subject to the agreement of Parliament, this sum will be transferred from the National Lottery Distribution Fund into the Olympic Lottery Distribution Fund. The total will be transferred in 13 quarterly instalments of £73 million beginning on 1<sup>st</sup> February 2009 and 2 payments of £68 million on 1<sup>st</sup> May and 1st August 2012.

### **Annual and lifetime estimates of income**

Total income receivable by the Olympic Lottery Distribution Fund is currently estimated to be £1,835 million.

The anticipated annual profile is set out below in Table 1.

2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14
£16m	£113m	£133m	£187m	£407m	£417m	£416m	£142m	£4m

Table 1 – Expected annual profile of gross proceeds into the Olympic Lottery Distribution Fund

The Distributor may produce updated estimates of its annual and lifetime income. Details will be published in the Distributor's Annual Business plans.

### **Amount available for distribution as grants/loans**

The lifetime amount available for distribution as grants or loans is currently estimated to be the lower amount of £1,819 million for the following reasons.

Income of £1,835 million is subject to deductions allowable under the Act by the Secretary of State for Culture, Media and Sport. These include deductions to cover a share of the running costs of the National Lottery and of the Distribution Fund itself. The Distributor must also make provision for its own lifetime running costs.

The Distributor may produce updated estimates of its expected annual and lifetime amounts available for distribution. Details will be published in the Distributor's Annual Business plans.

The Board of the Olympic Lottery Distributor has identified the sum of £1,800 million as being available for application by the Olympic Delivery Authority in order to fund their lifetime corporate plan.

A further sum of £19 million has been set aside to provide a source of funds should the Board choose to operate an additional funding programme at a later date.