

OLYMPIC LOTTERY DISTRIBUTOR

ANNUAL BUSINESS PLAN 2009/10

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OLYMPIC LOTTERY DISTRIBUTOR
NOTES TO THE OPERATING COSTS BUDGET
2009/10

Our planning assumption is that the Olympic Lottery Distributor will continue at its current staffing level, located in 1, Plough Place, London EC4A with some back office functions outsourced to the Big Lottery Fund. Our forecast out-turn for 2008/9 is £744,000. The recommended budget of £907,000 for 2009/10 takes our forecast cumulative running costs to the end of March 2010 to 0.32% of expected income to that date

The budgeted staffing complement for the year allows for 6 posts, all of which are filled in March 2009. The Distributor aims to run with the minimum staff needed to fulfil its statutory functions.

There will be a number of elements of core business for 2009/10. The Distributor will continue to monitor progress on the Olympic project against the lifetime grant made to the Olympic Delivery Authority (ODA) in 2007/8. The Distributor will finalise detailed tranche three conditions to allow release of payments during 2009/10 and will draft tranche four conditions for the following financial year. We also expect that the Distributor will receive further grant applications from the Olympic Delivery Authority to access part of the 'Funders' contingency.

In addition the Distributor will consider inviting applications for smaller sums from organisations delivering projects that are necessary or expedient for the London 2012 Games.

During 2008/9 the Distributor completed a number of operational tasks including completing the appointment of its permanent staff and finalising its business continuity arrangements. We believe that most operational requirements are now in place, although the Big Lottery Fund is currently reviewing its provision in London. This may have some effect on the services the Fund will be able to offer for the full year 2009/10. The Distributor currently depends on the Fund for accommodation, facilities management, IT services and financial processing. An overall contingency has been provided within the budget but in the event of significant changes a mid year budget revision may be necessary.

The Distributor will continue to meet Treasury timetabled actions to restate its annual accounts in order to comply with International Financial Reporting Standards from March 2010.

OLYMPIC LOTTERY DISTRIBUTOR

OPERATING COSTS BUDGET 2009/10

Budget 2008/9 £	Forecast Outturn 2008/9 £		Budget 2009/10 £
28,000	20,500	Board expense	30,162
556,878	510,032	Staff cost	568,317
117,766	100,843	Shared service costs	110,960
117,983	66,745	Professional fees	115,584
28,600	16,845	Office operating costs	27,100
3,000	5,000	Corporation tax	5,000
50,000	24,870	Contingency	50,000
902,227	744,835		907,123

OLYMPIC LOTTERY DISTRIBUTOR

EXPLANATORY NOTES TO STATEMENT OF EXPECTED ANNUAL AND LIFETIME INCOME & AMOUNTS AVAILABLE FOR DISTRIBUTION March 2009

Olympic Lottery Games 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 with a sum of £750 million to be raised through these dedicated games. The 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. This Plan is based on the revised profile agreed in April 2008.

Transfers from the National Lottery Distribution Fund

A further sum of £1,085 million is specified in the 'Payments into the Olympic Lottery Distribution Fund etc. Order 2007' to be transferred from the National Lottery Distribution Fund into the Olympic Lottery Distribution Fund. This sum will be transferred in 13 quarterly instalments of £73 million which began on 2nd February 2009 and two payments of £68 million on 1st May and 1st August 2012.

Provision for payments by the Secretary of State for Culture, Media and Sport.

The Horserace Betting and Olympic Lottery Act 2004, Section 26 (2) provides for the Secretary of State to make regulations permitting payments from the Olympic Lottery Distribution Fund for specific purposes.

- a) in respect of expenses of the Secretary of State
- b) in respect of expenses incurred by the National Debt Commissioners
- c) into the National Lottery Distribution Fund
- d) to the Greater London Authority
- e) to the National Olympic Committee
- f) in respect of expenses of the National Lottery Commission

The Olympic Lottery Distributor has provided for these costs based on estimates shared with the Department for Culture, Media and Sport. Any unused provision will increase the amounts available for distribution.

Provision for OLD running costs

The Distributor must make provision for its own lifetime running costs and wind up costs. Any unused provision will increase the amounts available for distribution. During 2008/9 the Distributor identified a planned end date of 31 March 2013 and the lifetime plan has been amended to reflect this. The actual end date will be determined by the Department for Culture, Media and Sport.

Investment income

Income paid into the Olympic Lottery Distribution Fund earns investment income until it is withdrawn to fund costs or grants. A forecast of investment income has been included up to April 2010. No interest beyond this point is included in the plan due to uncertainty over future income flows. Should actual cashflow mirror the assumptions on proceeds, distributions and future grant applications made in the statement, the Distributor estimates that at an interest rate of 0.5%, it would earn additional investment income of £0.7 million.

Planned Distribution re grant commitments

The Board of the Olympic Lottery Distributor has offered grants totalling £1.586 billion to the Olympic Delivery Authority (ODA) in order to fund its lifetime corporate plan.

The Board has also offered a grant of £2.62 million to the London Organising Committee of the Olympic and Paralympic Games (LOCOG) to fund the first phase of its 'Live Sites' project.

Provision for future funding applications

A sum of £16.38 million has been reserved to provide a source of funds should the Board choose to grant-aid projects in addition to ODA's current plans.

Provision for ODA unallocated contingency

In line with the maximum public sector funding package for the ODA of £8.099 billion, the Board has set aside £214.5 million for which the Olympic Delivery Authority can apply.

Undistributed balance

The Distributor predicts that a sum of £9.6 million will remain undistributed at the end of its life, assuming that all sums set aside for grants are claimed. This prediction depends on assumptions about investment income, running costs and timing of grant distribution. Any amounts that are undistributed from the Olympic Lottery Distribution Fund will revert to the National Lottery Distribution Fund for distribution back to the other good causes.

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STATEMENT OF EXPECTED ANNUAL AND LIFETIME INCOME & AMOUNTS AVAILABLE FOR DISTRIBUTION March 2009

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Olympic Lottery games	16,353,479	113,323,312	147,320,337	137,839,950	78,162,922	100,600,000	103,300,000	53,100,000	750,000,000
Transfers from NLDF				73,000,000	292,000,000	292,000,000	292,000,000	136,000,000	1,085,000,000
Gross Proceeds	16,353,479	113,323,312	147,320,337	210,839,950	370,162,922	392,600,000	395,300,000	189,100,000	1,835,000,000
Provision for deductions by the Secretary of State for Culture, Media & Sport	-38,522	-806,614	-558,552	-1,858,700	-1,392,500	-1,392,500	-1,392,500	-1,559,425	-8,999,313
Net Proceeds into OLDF	16,314,957	112,516,698	146,761,785	208,981,250	368,770,422	391,207,500	393,907,500	187,540,575	1,826,000,687
Provision for cash drawdown to cover OLD running costs	-49,000	-330,445	-721,681	-744,835	-907,123	-952,479	-1,000,103	-1,863,108	-6,568,774
Investment income	171,435	2,434,627	3,909,306	2,492,563	696,037	0	0	0	9,703,968
Available for Distribution	16,437,392	114,620,880	149,949,410	210,728,978	368,559,336	390,255,021	392,907,397	185,677,467	1,829,135,881
Planned Distribution re Grant commitments made 06/08	0	55,480,509	198,000,000	125,000,000	374,620,000	378,500,000	352,000,000	105,000,000	1,588,600,509
Provision for future Board funding applications					6,263,924	4,065,068	4,093,024	1,957,984	16,380,000
Provision for ODA unallocated contingency					72,000,000	36,490,469	36,815,037	69,194,494	214,500,000
Maximum distribution planned	0	55,480,509	198,000,000	125,000,000	452,883,924	419,055,537	392,908,061	176,152,478	1,819,480,509
Cumulative undistributed balance	16,437,392	75,577,763	27,527,173	113,256,151	28,931,563	131,047	130,383	9,655,372	9,655,372