

**EXPLANATORY MEMORANDUM TO
THE NATIONAL LOTTERY ETC. ACT 1993 (AMENDMENT OF SECTION 23)
ORDER 2006**

2006 No. 654

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 The Order increases the percentage share of proceeds from the National Lottery paid into the National Lottery Distribution Fund and allocated for expenditure on or connected with sport held by UK Sport from 9.2 per cent to 22.8 per cent and makes a corresponding decrease of the percentage share held by Sport England from 75.6 per cent to 62 per cent. This Order also transfers £7 million from the amount held in the National Lottery Distribution Fund for distribution by Sport England to be held for distribution by UK Sport.

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

3.1 None.

4. Legislative Background

4.1 Proceeds of lotteries forming part of the National Lottery are paid into the National Lottery Distribution Fund (“the NLDF”) and allocated, by section 22 of the National Lottery etc. Act 1993 (“the Act”), for expenditure relating to the National Lottery good causes including sport which receives 16 $\frac{2}{3}$ per cent.

4.2 Section 23(2) of the Act further provides the percentage of this sum to be held in the NLDF for distribution by each of the various sport distribution bodies. Under section 29(1)(d) of the Act the Secretary of State may substitute different percentages specified in section 23 applying to each of these bodies; and under section 29(4)(a) of the Act the Order may provide that sums that apart from the Order would be held in the NLDF for distribution by a particular body (also known as a distributor’s balances) are transferred to be held in the NLDF for distribution by another body.

5. Extent

5.1 This instrument extends to the United Kingdom.

6. European Convention on Human Rights

The Minister of Sport, Richard Caborn, has made the following statement regarding Human Rights:

In my view the provisions of the National Lottery etc. Act 1993 (Amendment of Section 23) Order 2006 are compatible with the Convention rights.

7. Policy background

7.1 The Government has been working in partnership with Sport England and UK Sport since the publication of Game Plan (the Government's strategy for sport) in 2002, to reform and streamline the 'sporting landscape'. Both UK Sport and Sport England have seen through periods of reform in recent years. The transfer of responsibilities (the funding for which this Order will effect) builds on this progress and on the Government's 2005 election manifesto commitment to continue that reform. Ministers at the Department for Culture, Media and Sport have been engaged in regular discussions over recent months with the Chairs of Sport England and UK Sport to agree the most effective delivery system for school, community and elite sport. It has been agreed that a re-alignment of responsibilities between the two bodies is required (to take effect from 1 April 2006). This will reinforce Sport England's current focus on the Government's mass participation targets, and place UK Sport as the lead agency for elite sport.

7.2 The following responsibilities currently funded by Sport England with Lottery money will be transferred to UK Sport: the English Institute of Sport; the Talented Athlete Scholarship Scheme – specifically the TASS 2012 Scholarships; and the World Class Potential Programmes for Olympic and Paralympic sports. This Order provides for an increase in the percentage of the amount allocated to UK Sport (and a corresponding decrease in the percentage allocated for distribution by Sport England) to provide Lottery income to pay for these transferred responsibilities.

7.3 The Department for Culture, Media and Sport has maintained a regular dialogue with Sport England and UK Sport throughout this and previous reforms. There was not a formal consultation exercise with the sports national governing bodies, however many have publicly announced their approval of the changes. Senior officers within Sport England and UK Sport, and the Chairs of both bodies, have been involved in planning for this transfer and the Secretary of State announced the transfer of responsibilities on 16 September 2005, alongside the Chairs of Sport England and UK Sport.

7.4 The total cost (per annum) for transferring the English Institute of Sport and the Potential Programmes costs is £28.5 million (including administration costs). A breakdown of these costs is available from the Department for Culture, Media and Sport – see paragraph 9 below. The revised percentage shares have been calculated to generate sufficient income to cover these commitments. The cost of covering the transfer of the TASS 2012 Scholarships will be met by a one-off transfer between Sport England and UK Sport of £2 million from the balances held in the NLDF.

7.5 Every Lottery distributor maintains balances in the NLDF to enable it to meet its funding commitments (e.g. grant agreements and in principle decisions to make grants) but taking into account the future receipt of income from the proceeds of the National Lottery. As the responsibilities above are being transferred from Sport England to UK Sport a corresponding amount of Sport England's balances will also be transferred.

7.6 The Department has decided on the amount of £7 million (which includes the £2 million for TASS 2012 Scholarships, see paragraph 7.4 above) as the appropriate amount to reflect the responsibilities transferred.

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.

9. Contact

John Tucker at the Department for Culture, Media and Sport, Tel: 020 7211 6092 or e-mail: john.tucker@culture.gsi.gov.uk can answer any queries regarding the instrument.