



UK Sport
Gold Event Series
Investment Guide
2013 - 2019

Introduction

The guide outlines UK Sport's current approach to making investment decisions as part of its Gold Event Series. In the Guide we outline:

- > The Principles that guide our thinking and decision-making around supporting major events
- > The process by which we will review our programme of major event hosting targets For a variety of reasons, the major events landscape is particularly changeable.

This guide explains how UK Sport will balance the need to provide certainty of support to National Governing Bodies (NGBs), whilst retaining the flexibility to modify its programme of hosting targets in line with current intelligence and opportunities.

Our Mission and Objectives

The agreed mission for UK Sport's 2013-2019 Gold Event Series is:

'To use London 2012 and Glasgow 2014 to establish the UK as the leading host of major international sporting events'

The Gold Event Series aims to achieve four objectives, which will also act as the criteria against which all major event opportunities are evaluated and prioritised. Major events supported by UK Sport in this period will seek to:

- > Support and profile high performance success
- > Create high-profile opportunities for people to engage with sport
- > Use and demonstrate the legacy of London 2012 and Glasgow 2014
- > Drive positive economic and social impacts for the UK

Gold Event Series Investment Principles

UK Sport will use the following principles when making investment decisions regarding major events:

1. The primary focus of financial support will be to attract and stage the highest status international events, in Olympic, Paralympic and Commonwealth Games sports and disciplines

Investment must support the achievement of UK Sport's overall major events mission - to use London 2012 and Glasgow 2014 to establish the UK as the leading host of major international sporting events. Our investment priority will therefore be to support a Core Programme of major events in Olympic, Paralympic and Commonwealth sports and disciplines. There is, however a recognition that major events in sports outside of this scope may be able to contribute towards our Programme objectives.

Implications

- > A high proportion of our investment will be channelled towards a Core Programme which will invest exclusively into major events in Olympic, Paralympic and Commonwealth Games sports and disciplines. For clarity, the Commonwealth Games sports and disciplines will be those included in Glasgow 2014
- > A 'supporting programme' will invest to provide financial support to the very highest priority major events in sports outside of the scope of the Core Programme. Such events are considered to be World Championships, European Championships and strategically important World Series events. Where there is a compelling rationale, we will consider innovative proposals for supporting other types of major events
- > A wider programme of strategic and technical support will be considered for major events outside of this scope

2. UK Sport will only support major events which have been prioritised and endorsed by the sport's National Governing Body

NGBs are best placed to determine the strategic hosting targets for their sports, and will typically manage the acquisition of a major event from their respective International Federation. UK Sport will work in partnership with NGBs to identify hosting targets that can be considered as part of UK Sport's Gold Event Series.

Implications

- > We will not support major events without the endorsement of the relevant NGB
- > Our primary relationship in the field of major events will be with the NGB which is affiliated as a member of their International Federation
- > While UK Sport's preference is to provide financial support directly to the NGB, investment can be provided to a third party (for example a Local Authority or event promoter) where endorsed by the NGB
- > It will typically be the responsibility of the NGB to decide the preferred location of the event within the UK, albeit with UK Sport support for any selection process. In the unusual event of there being competing bids within the UK, UK Sport reserves the right to make a strategic decision regarding its endorsement and support of one or several of those bids

3. Where resource cannot cover opportunity, investment will be prioritised to those events that have the greatest potential to deliver the objectives of the Gold Event Series

Prioritisation will be directed towards events that have the greatest potential to contribute to the four objectives, namely: supporting high performance sporting success, creating opportunities to engage people with sport, using the legacy from London 2012 and Glasgow 2014, and driving positive economic and social benefits.

Implications

- > Resource is finite. UK Sport will not be able to provide financial support to all strategically important major events
- > Prospective events will be evaluated in terms of their potential to contribute towards the four objectives
- > UK Sport's ability to provide financial support to events with larger staging budgets may be limited, and will typically necessitate a discussion with DCMS to determine affordability
- > Investment levels will be linked to the strategic value of the event to UK Sport

Gold Event Series Investment Principles

4. Merit, not representation, will be the primary investment consideration, however investment across a range of sports and regions may help maximise the impact of the programme

While investment will be directed towards events which will have the maximum impact in helping UK Sport achieve its major events objectives, repeated investment into the same sports/disciplines may reduce impact. Our primary investment decision will be meritocratic, however an element of representation will be considered.

Implications

- > Where a sport/discipline has proposed hosting multiple events within the 2013-2019 period, the strategic value of all but the primary hosting target will be down-weighted
- > Regional diversity will be considered as an advantageous factor within both our strategic prioritisation of events, and our specific investment decisions

5. The Gold Event Series will seek to maximise alternative revenue streams into major events. Consequently, investment will only be made following a robust demonstration of financial need

Major events have the potential to generate revenue streams from a number of public and private sector sources. UK Sport's financial role is to consider covering the projected deficit which would enable the event to be staged.

Implications

- > Additionality is a key principle of lottery investment. The Gold Event Series will not provide financial support to events which have the potential to be financially sustainable
- > UK Sport will deficit fund major events. We will only invest where there is a demonstrable financial need following a robust assessment of an event's ability to generate its own revenue from alternative sources
- > Deficit funding will still be subject to a value-for-money assessment against the potential benefits to UK Sport's major events objectives
- > A clawback mechanism will be implemented to ensure that a level of funding is returned to the overall budget, should an event perform financially better than forecasted
- > UK Sport will not underwrite major events

6. Long-range investment decisions will be made to ensure that the UK is competitive in bidding to host major sporting events, however strategic hosting targets will be reviewed regularly and commitments not made until they are required

Bids for major events are often required up to six or seven years prior to hosting, and event organisers often require additional time to consider feasibility and begin international lobbying. UK Sport will make long-range investments and provide certainty of support where required. However the Gold Event Series must retain some flexibility given the fluid nature of international competition structures; variance of available resource; and change within a competitive bidding environment; and sporting landscape.

Implications

- > Investment and strategic support for the biggest major events will often need to be made before there is certainty regarding investment into other areas of the sporting landscape – such as high performance and sports development
- > Long-range investment will therefore entail an element of financial and strategic risk
- > Six-monthly reviews will re-assess UK Sport's strategic hosting targets and consider the comparative value of any new targets proposed by NGBs
- > Investment will not be 'locked down' until the appropriate stage in the bidding cycle, to allow flexibility in resource allocation until the point at which financial support is absolutely required

7. UK Sport will only invest into major events where there is a robust business plan and budget

Staging a major event can often present a number of significant risks to both the NGB and to UK Sport in terms of its investment. To help mitigate these risks, a detailed assessment process will be undertaken for all of UK Sport's investments into major events.

Implications

- > UK Sport will provide a dedicated major events specialist to work with NGBs to act as a 'critical friend' in the development and assessment of the event budget and business plan
- > Higher value awards will be handled through an evaluation process which involves UK Sport's Major Events Panel and Board

Gold Event Series Review Process

Gold Event Series Development

Between November 2009 and March 2010, the NGBs of Olympic, Paralympic and Commonwealth Games Sports were requested to propose their major event hosting targets to UK Sport for the period 2013-2019. UK Sport's Major Events Team made a detailed assessment of every proposed event in terms of its potential to deliver against the four programme objectives. In making this assessment, internal and external specialist teams were consulted where appropriate.

The following process was undertaken

- > A detailed assessment was conducted to determine each event's strategic value to UK Sport.
- > Events were ranked and prioritised according to the results of this assessment
- > Likely grant levels were reviewed and adjusted where relevant, to ensure that investment would be commensurate with strategic value
- > The likelihood of each event being secured was assessed and investment forecasted accordingly
- > The likelihood of full grant requirement for each event was assessed and forecasted accordingly
- > The cumulative cost of each event to the programme was determined, and an overall investment level agreed to enable a world-leading programme of events to be pursued
- > The process and programme was presented to UK Sport's Major Events Panel and Board
- > An investment level and programme of events was agreed

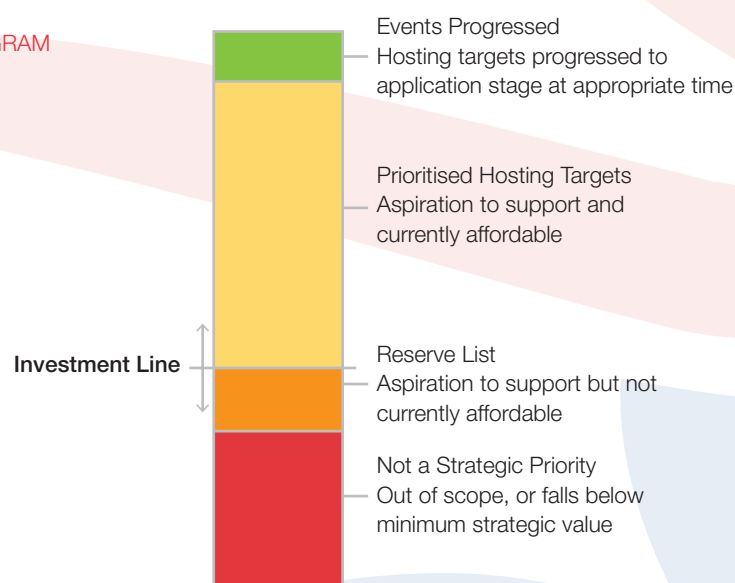
Prioritisation Approach

UK Sport's Gold Event Series consists of a list of hosting targets which have been proposed by NGBs and prioritised by UK Sport according to their strategic value. Strategic value is assessed by the Major Events Team against UK Sport's four objectives. Other internal and external teams are consulted where appropriate. Events which are not considered to meet a minimum level of strategic value (in addition to those which fall outside the Series scope) will not be progressed for support.

Demand will typically exceed the resource available. The cut-off point for determining hosting targets will be driven by the level of resource available. Consequently there are likely to be events which have strategic value to UK Sport but which cannot be afforded. These events will be placed on a reserve list should financial resource become available.

Hosting targets will only be progressed to application stage at the appropriate time prior to bid. Before this point, hosting targets only represent an aspiration to support based on the current availability of resource and priority relative to known hosting targets across other sports. There is no guarantee that funding support will be available until events are progressed to application.

1. LABEL DIAGRAM



Reviewing the Gold Event Series

New Hosting Targets

New events proposed by NGBs will be considered by UK Sport as and when they arise, and will be assessed and prioritised relative to the strategic value of those events already within the Gold Event Series. Including new events allows NGBs to respond to a changing international events landscape, however bringing new events may mean that other previously identified hosting targets can no longer be progressed to application.

Hosting Targets Not Progressed

For various reasons, previously identified hosting targets may not be progressed to bid. This may be because the NGB decides that the event no longer aligns with their objectives, or in some cases the event may not prove feasible. The removal of hosting targets from the Series may free up resource to invest in other events that were not previously considered hosting targets.

Change to the Strategic Value of an Event

The strategic value of any event may increase or decrease based on NGB performance, for example in the areas of high performance or sports development. Re-assessment of strategic value may result in an existing hosting target being de-prioritised, or conversely an event currently on the reserve list being prioritised.

Change to the Likely Cost of Events

UK Sport projects its investment based on a high-level forecast of the overall cost and deficit of each event. As bids approach, detailed business planning and feasibility studies often reveal more accurate information regarding the costs of each event and associated UK Sport investment levels. Higher event costs than originally projected may result in less funding being available to other hosting targets, whereas lower event costs than originally projected may result in more funding becoming available to other hosting targets.

Bid Success Rate and Contingency Usage

UK Sport adopts a risk-based investment model to major events, through which it forecasts that a certain number of bids will be lost and that not all contingency funds for major events will be required. Variances to these assumptions will impact on the resource available for investment. If bid success and contingency usage is lower than expected then UK Sport may be able to release more funding for investment to other hosting targets. Conversely if bid success and contingency usage is higher than expected, this will require greater resource and there is a risk that fewer hosting targets can be supported.

Fluctuation in Partner and Commercial Funding

A significant change in the levels of partner funding across the UK will result in UK Sport re-forecasting its investment levels into the hosting targets within the Gold Event Series. Higher levels of partner funding will result in decreased UK Sport contributions which in turn will allow more hosting targets to be supported. Conversely, lower levels of partner funding will result in higher projected UK Sport contributions, which in turn will mean that fewer hosting targets can be progressed.

Timing of Reviews

UK Sport's major event partners should be aware that the Gold Event Series is liable to significant change over the course of its lifetime, representing a long-term plan in an extremely dynamic international landscape. In order to respond quickly to change, UK Sport's Major Events Team will work with NGBs throughout the year to consider and agree any required changes to their hosting targets.

Formal reviews of the programme will take place every six months and in preparation, NGBs will be requested to review and re-submit their list of hosting targets. A variety of strategic and financial changes may result in previously identified events being both prioritised and de-prioritised as the Series develops.

Following each formal review, UK Sport's Major Events Team will contact NGBs to communicate the outcome, confirming the position of each of their hosting targets on the updated Series. Further to this, the Major Events Team will present the update to the UK Sport Investment Board, Directors Team, Major Events Panel and full UK Sport Board. The role of each of these bodies will be as follows:

Investment Board and Directors Team

Consider the appropriateness of the level of investment currently allocated to the Gold Event Series, in addition to any major risks in its investment plan. Other considerations will include any major governance issues relating to NGBs or partner organisations, and the 'fit' with the overall investment strategy for UK Sport.

Major Events Panel

Consider the Major Events Team's strategic and financial assessment of hosting targets within the Gold Event Series. Other considerations will include the overall 'feel' of the programme in terms of working towards UK Sport's mission of establishing the UK as the leading host of major international sporting events.

Board

Consider overall progress with major event acquisition and staging, and consistency with UK Sport's high-level strategic objectives.

Outcomes

The purpose of reviewing the Gold Event Series is to identify and place major events in one of the following categories (which relate to the prioritisation chart detailed earlier). It is important to recognise that the fluidity of the Series means that there can be changes in status over time:

Event Progressed

The event has been progressed through UK Sport's application process and is either awaiting a bid decision or the event has been secured.

Hosting Target

The event is a strategic priority for UK Sport, and it is currently expected that there would be the financial capacity to support. However until the event is progressed to application stage, hosting targets only represent an aspiration to support, based on the current availability of resource and priority relative to known hosting targets across other sports.

Reserve List

The event is a strategic target for UK Sport, however it is not currently expected that there would be the financial capacity to support it. The event will be considered if additional resource is made available through any of the channels outlined above.

Not a Strategic Priority

The event is either not considered to meet a minimum level of strategic value to qualify for funding support, or it falls outside the Series scope. UK Sport may still be able to offer technical support to help the NGB host the event in the UK.

Following each formal review, UK Sport's Major Events team will issue the updated Strategic Target list of events to all partners.

Application Process

At the appropriate time prior to bidding, events listed as Hosting Targets on the Gold Event Series will be moved to application stage. Events will not be moved to application stage unnecessarily early, so as to ensure financial support is not committed before it is needed.

NGBs and the Major Events Team will need to communicate regularly to ensure there is a common understanding of the most up-to-date bidding timelines. The Major Events Team will then work with NGBs to help develop and assess robust business planning and budget information. Grant awards may involve scrutiny through UK Sport's Major Events Panel and Board.