

# **UK Sport Events Investment Guide**

**March 2017**



## **Background**

Events are fundamental to international sport. They are the point at which athletes' journeys reach their conclusion, where years of sacrifice, training, coaching and preparation are finally tested. They are the places where the public connect with sport, enjoying, experiencing and being inspired by moments of incredible human endeavour. And they are the main opportunities for sport to generate much of its revenue through the commercialisation of sporting competition.

It follows therefore that without healthy events, which identify and promote the world's best athletes, and which engage and attract fans, then international sport cannot really exist, let alone thrive.

Over the last 15 years, the UK has transformed its reputation for hosting international sporting events. For many years, the country hosted some of the world's most iconic annual sporting moments, but it has now added a global reputation for successfully hosting the world's biggest one-off sporting events.

The very biggest events have huge power to drive social, economic and sporting impacts – both locally and globally. These events can improve the way that our communities feel about themselves, whilst enhancing the way that the world sees us. They can showcase the UK and its constituent countries and cities, as an aspirational and welcoming place, with the capability to deliver complex, high-profile projects to exacting standards. Since 2010 alone, the UK has staged or secured the following:

*Olympic and Paralympic Games, Commonwealth Games, Rugby World Cup, Rugby League World Cup, Cricket World Cup, Netball World Cup, Ryder Cup, Solheim Cup, Tour de France, Giro d'Italia, Euro Football Championships, European (Sports) Championships, IAAF World Athletics Championships, IPC World Athletics Championships, World Track Cycling Championships, World Road Cycling Championships, World BMX Championships, World Taekwondo Championships, World Badminton Championships, World Squash Championships, World Gymnastics Championships and Women's Hockey World Cup.*

In delivering events such as these, the UK has developed some incredible event hosting assets. It has one of the most densely concentrated portfolios of international sporting venues in the world; it has a mature market for sports business and high-calibre event delivery expertise; it has developed strong multi-tiered public funding partnerships across various geographic levels, and it has an inspiring group of medal-winning athletes across a wide range of sports. These assets place the UK in an enviable position, in what remains a highly competitive global market.

## **Event-Hosting Landscape in the UK**

The UK has, over many years, built a healthy and mature market for hosting some of the world's most prestigious annual international sporting events. Many of these events have become commercially sustainable, and in some cases drive significant revenues that flow back into sport.

In contrast, many one-off international sporting events require some form of public subsidy to enable them to be staged. The UK has developed a multi-tiered approach to driving its public sector responsibilities in this area, with organisations at UK, Home Country, and City levels regularly creating funding partnerships where their hosting objectives coalesce around the same events.

Within this landscape, UK Sport is the agency responsible to the Department of Culture, Media and Sport (DCMS) for major sporting events at the UK level. UK Sport's activity in respect of international sporting events sits in the context of a number of wider strategic frameworks:

- *Sporting Future*, the Government's sport strategy released in 2015, which states the Government's desire to host major sporting events, and outlines a series of outcomes that sporting investment should seek to support.
- *The Gold Framework*, which describes the wider support available at the UK level to host international sporting events.
- *The UK Mega Events Policy Framework*, which describes a series of protocols agreed between DCMS, UK Sport, and the Home Nation event agencies, with a view to aligning long-term ambitions to host mega events across the UK.
- *The event-hosting strategies of partner agencies*, which don't drive UK Sport investment but are considered when investment is made.

### **Event Hosting Strategy into the 2020s**

In early 2016, UK Sport completed a strategic review to consider how the UK could remain a world-leading host nation, into and throughout the 2020s. This review concluded that, whilst the UK had established an extremely strong reputation and hosting portfolio, the international events landscape was changing rapidly with a number of new challenges emerging. Some of the key conclusions from the review were:

- 'Mega events' continue to be the best shop-window for the UK's event-hosting capability, but that partners within the UK need to work more collaboratively to better align and sequence future hosting ambitions.
- The UK's competitive advantage lies in the quality of its 'brand' as a host nation that delivers high-quality, prestigious, innovative, impactful and passionate events. Investing into events that embody and deliver these brand values represents a more strategic approach than competing financially against well-resourced rivals.
- The UK has forged a unique alignment between its high performance and event-hosting ambitions, which ensures that the approach to hosting international sporting events is grounded in a sporting context. However the reasons for supporting events could be clearer. Some events will deliver strong social and economic outcomes in line with the Government's new Sport Strategy, whereas other events will deliver strong benefits to the high performance system.
- A more proactive and 'managed portfolio' approach to identify and pursuing hosting targets may be required to ensure that hosted events reach as many parts of UK society as possible, and also to ensure the most efficient allocation of events in light of a more challenging funding environment.

### **UK Sport Investment into Events**

This Guide explains how UK Sport balances the need to provide forward advice to its partners regarding the likelihood of support for future hosting targets, with the need to retain the flexibility to modify its programme of targets based on the latest intelligence and projection of resource availability.

The UK continues to have a significant appetite to host international sporting events, however UK Sport has a finite budget for hosting events (approximately 4% of its organisational budget) and, as a result, has to make some difficult decisions regarding the events that it will invest into. This document explains the principles that will guide UK Sport's investment into international sporting events, and the processes through which it will apply these principles.

Whilst UK Sport has a strategic role to play in helping to identify and sequence future 'mega events', UK Sport's annual event-hosting budget will have extremely limited capacity to help support these financially (the definition of which is captured in these investment principles). As a result, national-level financial support for mega events will typically need to be considered at a governmental level. UK Sport will however invest and assure funding into mega events on behalf of government(s), and has done so for events such as the 2014 Tour de France, 2019 World Road Cycling Championships, and 2021 Rugby League World Cup.

UK Sport's investment into international events is therefore focused on supporting the tier below mega events, these principally being World Championships, European Championships and World Circuit events. As a result of its strategic review, detailed above, UK Sport has decided to delineate its event-hosting investment programmes in order to be clearer about why and how it funds different events. From 2017-2025, UK Sport will operate the following two investment programmes:

#### Pinnacle Events Programme

This Programme aims to attract and host the biggest events in world sport. Events will be supported to ensure that they deliver to a high standard, and in a way that showcases the best of the UK's 'brand values' as a host nation. The type of events that are eligible to be considered are as follows:

- World Championships in Olympic, Paralympic and Commonwealth Sports.
- World Championships 'Equivalents' in Olympic, Paralympic and Commonwealth Sports.
- Mega Events (as defined in the investment principles, and noting that UK Sport resources will be extremely limited in terms of funding mega events).

In order to identify the priority hosting targets within the Pinnacle Events Programme, investment will be prioritised to those events which are considered to have the greatest potential to deliver against the following objectives, several of which are derived directly from the outcomes detailed in the Government's Sport Strategy:

- Showcase the UK's medal success
- Provide opportunities to support enhanced physical wellbeing
- Provide opportunities to support enhanced mental wellbeing
- Provide opportunities to promote individual development
- Provide opportunities to promote social and community development
- Drive economic development across the UK
- Widen the reach of world class sport across the UK

In the first instance, UK Sport will consider investment through the Pinnacle Events Programme into events to be hosted from April 2017 through to March 2025, although this timeframe may be extended over time.

#### Performance Events Programme

This Programme aims to attract and host events that explicitly drive performance benefits for UK Sport supported World Class Programmes (WCPs), in order to help enable British athletes to win medals at the Olympic and Paralympic Games. For this Programme, UK Sport will therefore only consider events in those sports and disciplines with WCPs supported by UK Sport. Events will be supported to a good competition standard. The type of events that are eligible to be considered are as follows:

- World Championships (where not prioritised as part of the Pinnacle Programme)
- European Championships
- Top-Tier/Premium World Circuits or World Circuit Finals
- World Junior Championships
- Top-Tier World Leagues

In order to identify the priority hosting targets within the Performance Events Programme, investment will be prioritised to those events which are considered to have the greatest potential to deliver against the following objectives:

- Support high performance success
- Support UK Sport's wider organisational objectives

In the first instance, UK Sport will consider investment through the Performance Events Programme over a single-cycle period for events taking place from April 2017 through to March 2021, although investments for hosting events beyond this period may be considered on a case-by-case basis.

#### Guideline Investment Thresholds

With a finite level of funding available, UK Sport has agreed the following guidelines in respect of the upper level of investment that it invests into any one event, to ensure that its programme has scale, breadth and impact. These guidelines may be exceeded if there are strong reasons, however they are provided to aid the planning process where an applicant may be considering a funding request significantly in excess of these levels:

- Mega Events/World Championships: £3m
- European Championships: £500k
- World Series Events: £250k

#### **Strategic Assessment & Prioritisation Process**

NGBs of sports within the above scope have a regular opportunity to propose event hosting targets to UK Sport approximately every six months. Other organisations such as Local Authorities can also make proposals to UK Sport, but these will need to be endorsed by the relevant NGB. In some instances, when UK Sport itself identifies an opportunity, it may also propose potential events to NGBs and Local Authorities. **All organisations seeking financial support from UK Sport should engage with UK Sport at the earliest possible point prior to feasibility considerations and prior to the bid submission.**

Once submissions are received, UK Sport's Major Events Team then undertakes its Programme Review. This involves a reassessment of every proposed event in terms of its potential to deliver against the strategic hosting objectives outlined above, in addition to a reassessment of the likely financial requirements of hosting the event and the fit with other major sporting events due to be hosted in the UK over that period. For events which are awarded or presented as a package by the International Federations the value of these as a collective may be considered. Other internal and external teams are consulted in respect of this assessment where appropriate. From this assessment, events are prioritised and graded into three categories:

1. Not a strategic priority

Events which are not considered to meet a minimum level of strategic value (in addition to those which fall outside the Programme scope) are classified as not a strategic priority, and will not be progressed. This category will include events that we do not believe are a realistic hosting target.

2. Strategic priority but not currently affordable

UK Sport has finite resources, and so it is possible that there may be events that have strategic value to UK Sport but which are unlikely to be affordable in comparison to other hosting targets of greater strategic value. These events will be placed on a reserve list for consideration should financial resource become available.

3. Strategic priority and hosting target

Events in this category are currently considered to be strategic priorities and an investment is likely to be affordable based on known factors at the time. These events will only be progressed to full application stage at the appropriate time prior to bid. There is no guarantee that funding support will be available until events are progressed to application as, prior to this point, hosting targets only represent an aspiration to support - based on contemporary knowledge regarding the availability of resource and priority relative to known hosting targets across other sports.

#### Other Programme Review Changes

UK Sport's programme of hosting targets is liable to change over the course of its lifetime, as it represents a long-term plan in a very dynamic international landscape. In order to respond quickly to change, UK Sport's Major Events Team will work with NGBs and other bodies, throughout the year to consider and agree any required changes to their hosting targets.

As noted above, formal Programme Reviews will take place approximately every six months and a potential future Calendar of Events, including events supported outside the affordability of UK Sport, will be updated at the same time. A variety of strategic and financial changes may result, and previously identified events may be prioritised or de-prioritised as the Programme develops:

- New Hosting Targets  
New events proposed will be considered by UK Sport as and when they arise, however bringing new events within the Programme may mean that other previously identified hosting targets can no longer be progressed to application.
- Hosting Targets Not Progressed  
Previously identified hosting targets may not always be progressed and will therefore be removed from the target list. This may be because the NGB decides the event no longer aligns with their objectives, or in some cases the event may not be feasible.
- Change to the Strategic Value of an Event  
The strategic value of any event to UK Sport may increase or decrease based on its potential to deliver hosting objectives – for example a change in the assessment of sport's high performance potential may impact the strategic value of an event.
- Change to the Likely Cost or Risk of Events  
UK Sport projects its investment based on a high-level forecast of the overall risk, cost and deficit of each event. As bids approach, detailed business planning and feasibility studies often reveal more accurate information regarding the risks of each event and associated UK Sport investment levels. Changes to these risks may impact on the level of funding available to other hosting targets.
- Bid Success Rate and Contingency Usage  
UK Sport adopts a risk-based investment model concerning the winnability of 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.

- Fluctuation in Lottery, Partner or Commercial Funding

A significant change in the levels of funding streams could result in UK Sport re-forecasting its investment levels into the hosting targets within its programme.

#### Programme Review Outcomes

Where there have been meaningful changes, UK Sport's Major Events Team will present the outcomes of each Programme Review to its Directors Team, its Major Events Panel, and where relevant the UK Sport Board and DCMS. The outcomes of the Review will also be communicated to the relevant NGBs.

If during this process there is a significant or unusual level of change that officers feel requires further discussion with the UK Sport Board, UK Sport may choose to put on hold the adoption of some targets.

UK Sport will also share its updated hosting target list to its main city and regional partners to aid strategic discussions between them and NGBs in respect of potential forthcoming bids. UK Sport will seek to include all major international event targets on this shared list (i.e. not just those that UK Sport is likely to support).

### **Section 3: UK Sport Investment**

#### Funding Application Process

At an appropriate time prior to bidding, events listed as strategic priority and hosting target 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 UK Sport 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 (and any other major partners) to help develop and assess the event application. The application involves the completion of standard documents:

- **Business Plan:** a suite of documents that outline the strategic benefits of staging the event and the model for the successful delivery of the event.
- **Budget:** that proposes a benchmarked budget used to establish the financial feasibility of the event and justify the investment request to UK Sport

#### Major Events Panel

UK Sport Major Events Panel is a sub-committee of the UK Sport Board, made up of a combination of UK Sport Board members and independent members. The Panel's function is principally to review and critique the financial and logistical feasibility, winnability and risks around the proposed budget and business plan for each event, and make an investment recommendation to UK Sport Board. Specifically the Panel will:

- Review applications and recommendations from officers in advance of meetings.
- Explore any major issues or concerns directly with officers during the meeting and challenge recommendations.
- Explore major issues or concerns directly with the funding applicant at the meeting.

- Challenge proposals presented for investment, if appropriate to include: is the hosting plan and business structure robust enough to warrant investment? If not what further work needs to be undertaken? Is there a clear demonstration of financial need to invest and value?
- Make a recommendation to the UK Sport Board in relation to whether UK Sport should invest in the event, the level of the award and any associated conditions of award.

#### UK Sport Board

Will consider the recommendation of the Major Events Panel and make the final investment decision into an event.

#### UK Sport Funding Award

All UK Sport Major Event Awards will be subject to the satisfactory completion of the Terms and Conditions outlined in the Award letter, which will be issued following the UK Sport Board if appropriate.

#### Delegated Awards

Some major event applications for funding support will not be progressed through the Major Events Panel but through the Chief Executive or Chief Operating Officer provided the application falls within their individual delegated authority limits for making grant decisions from the UK Sport Board. This delegated authority is typically used when:

- The application is for a previously staged event which has received an award, and for which officers assess there is not fundamental change in approach.
- An urgent decision is required on behalf of UK Sport to enable to bid to progress.

## Section 4: UK Sport Major Event Investment Principles (2017-2025)

UK Sport will use the following principles when making investment decisions regarding major events in the 2017-2025 period:

### 1. The focus of investment is to secure and host the most important and impactful international sporting events, whilst providing performance benefits for UK Sport supported athletes.

- Through the **Pinnacle Events Programme** UK Sport supports the hosting of the world's most important international sporting events that drive significant sporting, social and economic benefits. The following events will be eligible for consideration:
  - World Championships in Olympic, Paralympic and Commonwealth Sports. UK Sport will only consider events in disciplines that have been confirmed as part of a future Olympic, Paralympic or Commonwealth Games.
  - World Championships 'Equivalents' in Olympic, Paralympic and Commonwealth Sports. Where UK Sport considers that an alternative event has a status or significance that equals or exceeds the World Championships, this event will be considered.
  - Mega Events across all sports. UK Sport will use the following indicators to inform its assessment of what constitutes a Mega Event:
    - *Event represents the pinnacle of the sport at World or European level*
    - *Event is itinerant – i.e. not considered as permanently resident in the UK*
    - *Event is likely to have a staging cost in excess of £10m-£15m*
    - *Event is likely to attract in excess of 100,000 spectators*
    - *Event may require partial or full underwriting by the public sector*
    - *Event may require government guarantees*
    - *Event may entail significant delivery complexity*
- Through the **Performance Events Programme**, UK Sport supports the hosting of international events that drive performance benefits for British athletes that UK Sport is supporting to win medals at the Olympic and Paralympic Games. UK Sport will only consider events in those disciplines with World Class Programmes funded by UK Sport. The following events will be eligible for consideration:
  - World Championships
  - European Championships
  - Top-Tier/Premium World Circuits or World Circuit Finals
  - World Junior Championships
  - Top-Tier World Leagues
- UK Sport will apportion its available financial resource across the Pinnacle and Performance Events Investment Programmes.
- UK Sport may, in exceptional circumstances, invest flexibly and innovatively into events that do not meet these criteria, but where there is felt to be a 'first mover' advantage in sports, disciplines, events and formats with the potential to reach the Pinnacle and Performance Events Programmes in the future.

## **2. Resources are finite and so investment will be prioritised to those events that have the greatest potential to deliver UK Sport's hosting objectives.**

For the Pinnacle Events Programme, investment will be prioritised to those events which are considered to have the greatest potential to deliver against the following objectives:

- Showcase the UK's medal success
- Provide opportunities to support enhanced physical wellbeing
- Provide opportunities to support enhanced mental wellbeing
- Provide opportunities to promote individual development
- Provide opportunities to promote social and community development
- Drive economic development across the UK
- Widen the reach of world class sport across the UK

For the Performance Events Programme, investment will be prioritised to those events which are considered to have the greatest potential to deliver against the following objectives:

- Support high performance success
- Support UK Sport's wider organisational objectives
- Investment is finite and decisions will need to be made about which events can be funded. Even if an event is in scope and eligible to be considered this does not mean that it will be funded – only that it will be prioritised against other eligible hosting targets.
- UK Sport will apply scorecards that assess and prioritise events based on their potential to drive strategic hosting objectives for one or other of the two programmes. The strategic merit of an event will also inform the level of investment made.
- UK Sport will regularly review its long-term strategic hosting targets in order to give partners forward guidance regarding the likelihood of an event representing a realistic and affordable hosting target. Strategic targets may change over time given the dynamic nature of international competition structures and fluctuations in the availability of UK Sport's financial resources, and so firm financial commitments will not be made until they are required.
- Whilst resource is finite, UK Sport wishes to see the whole of the UK's international event-staging system develop and thrive. Where investment cannot be provided, UK Sport will consider the provision of non-financial support.

## **3. UK Sport will be proactive in identifying and progressing hosting targets**

- Any major hosting partner (typically an NGB or Local Authority) can approach UK Sport with an event to be considered as part of its long-term strategic programme. However UK Sport will only progress this interest if the NGB (and the British NGB if separate) has prioritised and endorsed the event in question, and if it qualifies within these Investment Principles.
- UK Sport may initiate hosting discussions where a partner has not. UK Sport may identify a strategic target and initiate/broker discussions with the NGB and local hosting bodies to explore its feasibility.

**4. UK Sport will adopt a 'managed portfolio' approach to ensure that events reach and engage as much of the UK population as is reasonably possible.**

- UK Sport will continually monitor the geographic, demographic and chronological blend of events within its portfolio, and may adjust its future hosting targets in order to ensure that a greater diversity and reach of events is secured for the UK. Continued investment into the same event, year, sport or locality may reduce impact and breadth of the overall programme(s).
- When seeking to host the biggest events in the world, there are likely to be significant sporting, technical and financial considerations that constrain the number of potential host locations within the UK that can be realistically considered.
- Where there is credible interest in hosting an event from multiple locations within the UK, UK Sport will typically require a venue selection process to be undertaken. There may be reasonable exceptions to this, including where an event is made available at short notice, or where an NGB has a compelling strategic reason to select a particular venue.
- UK Sport's preference will typically be for a single bid to progress from within the UK, and will seek to broker discussions across partners to achieve that result. However where this is not possible and competing bids progress from within the UK, UK Sport reserves the right to offer support to one or several of those bids.

**5. UK Sport will only invest when it has been fully engaged from the start of the bidding process, and once it has agreed the approach to event delivery.**

- UK Sport will not retrospectively fund an event once a bid has been submitted. Where a formal or public expression of interest has been made without its engagement, UK Sport reserves the right not to invest.
- UK Sport requires an early discussion about the approach to event delivery. For Pinnacle Events this means understanding and agreeing how the event will innovate and drive forward the UK's global hosting reputation. For Performance Events this means understanding and agreeing how the event will support athlete performance.
- Investment may be fully or partially ring-fenced towards specific delivery components that support UK Sport's hosting objectives.
- It is recognised that unplanned opportunities can arise and that flexibility is needed in order to consider and accommodate those opportunities. However UK Sport will always ensure that events are underpinned by robust financial and logistical plans, to protect the UK's hosting reputation.

**6. Investment will need to demonstrate financial need and impact**

- All events will need to demonstrate financial need through the production of an agreed event budget that robustly forecasts and benchmarks income and expenditure. UK Sport will not provide financial support to events that it believes have the potential to be financially self-sustainable. UK Sport will

deficit fund events, and reserves the right to clawback investment that is not required.

- As part of this process, UK Sport will consider the resources of other potential event partners, and make an assessment on the reasonableness of providing financial support. It is anticipated that all event hosting partners will provide an appropriate level of investment into the budget, in terms of cash or budget-relieving value-in-kind support.
- UK Sport will consider placing guidelines on the upper limits of a single investment into an event, to ensure that its finite budget has scale, breadth and impact across a range of events
- UK Sport will consider placing guidelines on the maximum size of the overall budget deficit that it can support, to ensure that its finite investment has genuine impact in enabling events to proceed. Some mega events may exceed affordability within UK Sport's budgets. In these cases, it is expected that the principal route for consideration of financial support would be the relevant Home Country Government(s). UK Sport is willing to consider investing on behalf of any Home Country Government should it wish to use UK Sport as its conduit for investment.
- UK Sport invests into the bidding and staging costs of major events. Other agencies will be expected to invest into ancillary projects that use the platform of events to drive other public sector agendas.

**7. UK Sport will only invest into an appropriate and credible organisation which meets the standards set out in the Code for Sports Governance**

- UK Sport will consider investment proposals into NGBs, Local Authorities, Commercial Bodies, and SPVs associated with the bidding and staging of major events.
- UK Sport will require the organisation into which it is investing to comply with the Code for Sports Governance at the appropriate tier.
- UK Sport will reserve the right to appoint an appropriate person within the governance structure of a major event. This will typically be as an observer on the Board of the event, however this could be as a nominated Board Member.

**8. UK Sport will only invest where there is an appropriate, transparent and binding underwriting solution in place**

- UK Sport will not underwrite events, but will consider proposals in partnership with major event hosting partners to mitigate against financial risk. Any such solution may result in UK Sport implementing an enhanced process of financial oversight and step-in rights through its grant award process.
- UK Sport may consider investment solely on a contingency basis, where funding is only drawn down due to exceptional circumstances during the planning process of an event and on the demonstration of a clear financial need.

*Whilst the intention of this Guide is to give NGBs as much certainty as possible to plan their investment applications for submission to UK Sport for the Event Programme this Guide cannot be a definitive guide on UK Sport's investment approach and process for the Programmes. This Guide does not bind or commit UK Sport to make investment into any NGB. All investment decisions are made by the UK Sport Board. Whilst every effort has been made to ensure the accuracy of this Guide at the time of circulation, UK Sport reserves the right to amend and update this Guide (including timelines) at any time. In addition UK Sport reserves the right to issue further policy documents to underpin this Guide.*