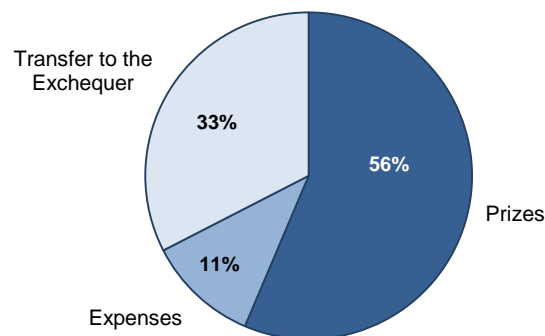


7 The National Lottery Fund

- 7.1** The National Lottery Fund (the Fund) was established under the National Lottery Act 1986. Proceeds from the sale of National Lottery tickets are paid into the Fund after the deduction of remuneration of ticket sellers and, where authorised, certain small prizes paid by tickets sellers. Larger prizes and the remuneration of the operator of the lottery (under licence) are paid out of the Fund. The balance of the Fund is available for spending on a range of 'good causes' specified in legislation.
- 7.2** The National Lottery Act 2013 replaced the 1986 Act and provided for the establishment of the Office of the Regulator of the National Lottery, and for the payment of a levy on the Fund to meet the expenses of the Regulator. The Act requires the total value of prizes to be not less than 50% of the total moneys received by the operator in respect of the sale of National Lottery tickets (or such other greater percentage as may be specified in the licence).¹ Distributions from the Fund in 2014 are shown in Figure 7.1. The Regulator has reported that the Fund had a balance of €57 million at the end of 2014.

Figure 7.1 National Lottery Fund distributions, 2014



Source: National Lottery Regulator (2014 unaudited data)

- 7.3** The Department of Finance manages payments into the Fund and authorises disbursements from the Fund for the payment of prizes and operating costs. Up to November 2014, these functions were carried out under instructions from the Department of Public Expenditure and Reform. Since the establishment and commencement of operation of the Lottery Regulator, instructions on disbursements are issued by the Lottery Regulator.

¹ This excludes ticket sellers' remuneration and certain small prizes.

Accounting for the Application of National Lottery Funds

- 7.4** The purposes for which proceeds of the Fund can be used, as set out in the 2013 Act,¹ are
- sport and other recreation
 - national culture and heritage (including the Irish language)
 - the arts
 - the health of the community
 - youth, welfare and amenities
 - the natural environment, and
 - other purposes as the Government may determine.
- 7.5** In 2014, fund proceeds were disbursed through the votes for seven departments and the Health Service Executive (HSE). The appropriation accounts of each department identify subheads that receive National Lottery funding support, and provide a note of the value of subhead funding received (the total of National Lottery funding and Exchequer funding) for each programme supported.
- 7.6** Each department publishes a listing of organisations supported by National Lottery funding on its website and the value of the grant provided to each organisation.
- 7.7** The Estimates for Public Services (the Estimates) provides a breakdown by department of subheads supported by National Lottery funding. The Estimates note that expenditure on subheads that include National Lottery funded programmes was expected to amount to €410 million in 2014, of which it anticipated that €200 million would be financed by the Fund. The remaining expenditure was to be provided by the Exchequer.
- 7.8** However, not all programmes within a subhead noted in the Estimates are supported by the Fund. The appropriation accounts of the relevant departments and the HSE reported that in 2014, expenditure of €216.7 million was incurred on programmes supported by the Fund. Ultimately, the Fund contributed €178 million (82%) of the funding for these programmes. Figure 7.2 sets out the estimated and actual expenditure in 2014.

¹ The 1986 Act allowed proceeds to be disbursed for sport and other recreation, national culture (including the Irish language), the arts, the health of the community and other purposes as the Government may determine.

Figure 7.2 Subhead expenditure supported by National Lottery funding, 2014

Department	Estimates for Public Services	Programme estimate ^b	Programme outturn ^b
	2014	2014	2014
	€000	€000	€000
Justice and Equality	2,000	2,000	2,000
Environment, Community and Local Government ^a	193,107	17,870	17,710
Education and Skills	133	133	133
Transport, Tourism and Sport	85,028	85,028	70,388
Arts, Heritage and the Gaeltacht	65,081	65,081	64,929
Health	3,286	3,286	3,268
Health Service Executive	10,052	10,052	6,828
Children and Youth Affairs	51,335	51,440	51,433
Total	410,022	234,890	216,689

Source: Office of the Comptroller and Auditor General

Notes: a The programme funding figures relate only to the programmes under the sub-head for which National Lottery funding is provided. The Estimates figure relates to the entire subhead cost.

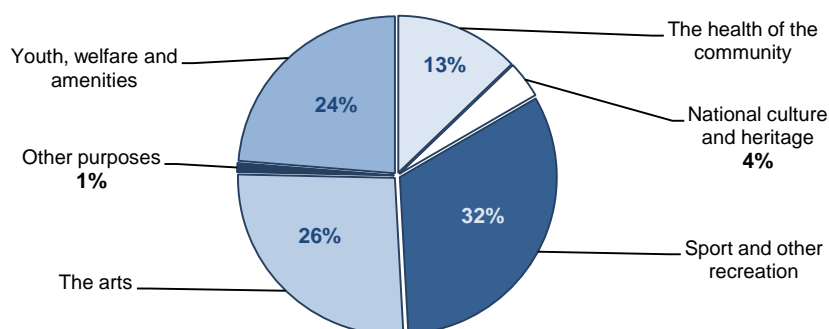
b As reported in the individual appropriation accounts.

- 7.9** The Department of Public Expenditure and Reform stated that the variance between the Estimate of €200 million and the outturn of €178 million is mainly due to technical and timing issues relating to the transition to the new lottery regime with transition costs reducing the potential amount available for transfer. In addition, the final level of transfers and transition costs at year end was uncertain so it was deemed prudent to transfer a lower amount, especially in view of the impending wind-up of An Post National Lottery Company.
- 7.10** The Department of Public Expenditure and Reform also stated that the National Lottery Fund is not allocated on a subhead by subhead basis. No department is informed of the proportion of its funding that is provided by the Fund, as available National Lottery funding is combined with Exchequer funds to support specific programmes that address the intended purpose of the National Lottery Fund.
- 7.11** It has been the practice over the years for the Estimates to set out the subheads being funded but not to assign specific National Lottery funding amounts to individual subheads.

Application of National Lottery Funds

- 7.12 Figure 7.3 sets out the distribution of the funding across the various purposes which are set out in the Act.

Figure 7.3 Distributions supported by the National Lottery Fund and the Exchequer in 2014, by purpose



Source: Office of the Comptroller and Auditor General

- 7.13 Annex 1 shows the programmes supported by the funding.

Application of National Lottery Licence Fee

- 7.14 In May 2013, the Minister for Public Expenditure and Reform launched a competition for the award of a licence to operate the National Lottery.
- 7.15 In February 2014, the Premier Lotteries Ireland consortium was awarded a twenty year licence to operate the National Lottery. Premier Lotteries Ireland is a consortium comprising Ontario Teachers Pension Plan (owner of the Camelot Group), An Post and An Post pension funds. The licence fee of €405 million was paid to the Exchequer in 2014.
- 7.16 The licence required the retention of existing arrangements for retailer commission, and that 65% of gross gaming revenues (sales less prizes) be allocated to the specified 'good causes'.
- 7.17 The Department of Public Expenditure and Reform stated that the licence fee income enabled the commitment of funding to a number of investment projects, including the National Children's Hospital, with capital budgets operating on a multi-annual basis benefiting the public capital programmes over a number of years.
- 7.18 The Department of Public Expenditure and Reform also stated that a total of €195.8 million was provided in the Estimates in 2014 for projects which are being funded or part-funded from the National Lottery Licence fee (see Figure 7.4). At end-2014, departments reported that €158.3 million of this had been spent. A further €24.7 million was included in the Estimates for 2015 (some through capital carryover and the remainder provided directly into the Vote of the relevant departments). The balance of the project funding will be provided as required over the next two to three years.

- 7.19 The licence fee will also provide €200 million towards the National Children's Hospital. As the main construction works have not yet commenced on this project, the funds will not be required until 2016 at the earliest.

Figure 7.4 Allocation of National Lottery licence fee receipts (as at August 2015)

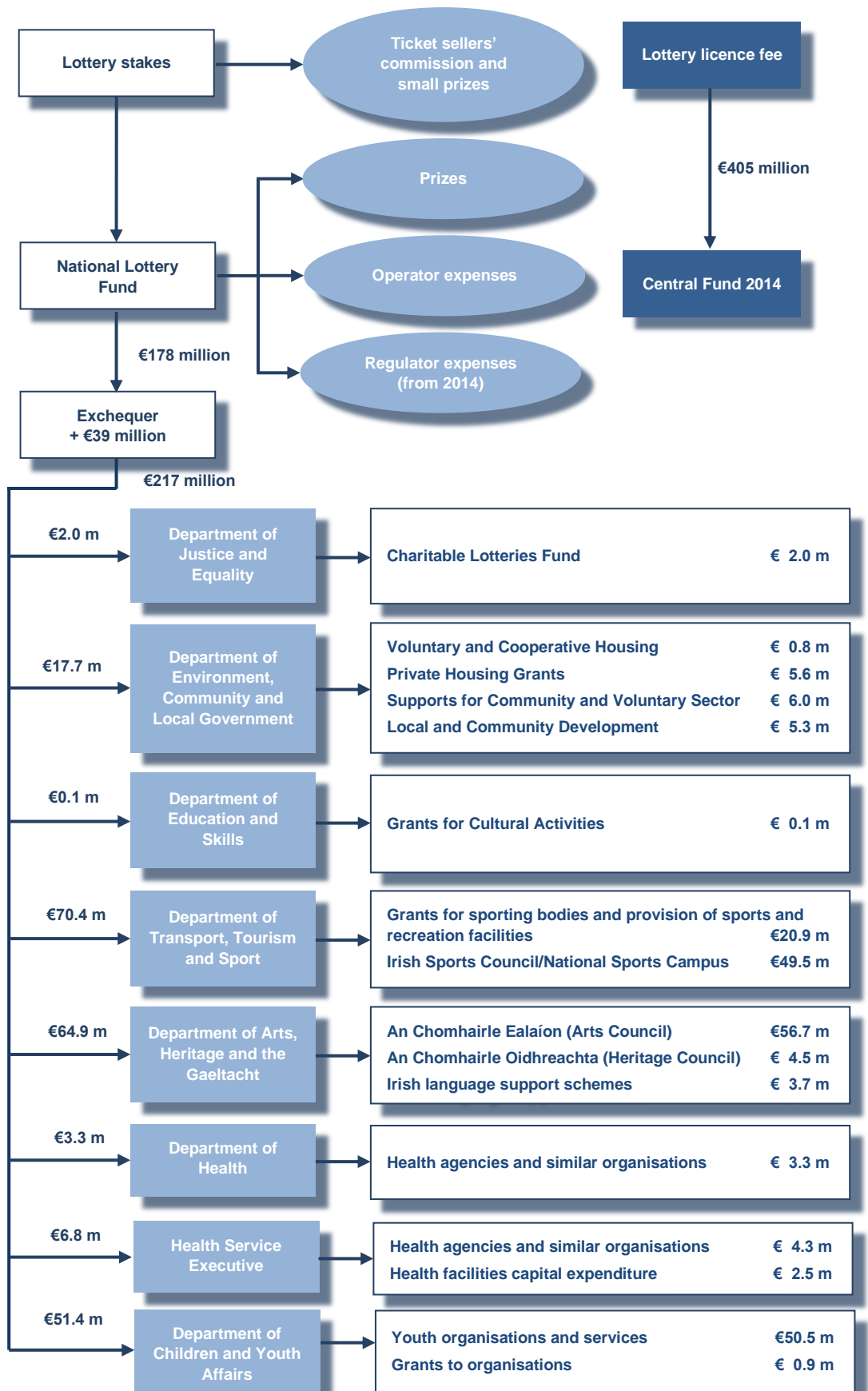
Purpose	Allocated funding	Funding provided in 2014 estimates	Total spent in 2014	Funding allocated for 2015
	€000	€000	€000	€000
Road maintenance	50,000	50,000	50,000	–
Wild Atlantic Way	8,000	8,000	4,000	4,000
Sports capitals grants (in addition to the existing provision)	11,500	11,500	8,500	3,000
National Sports Campus (capital works – national indoor training arena)	13,000	13,000	1,450	11,536
Better Energy programme	25,000	25,000	25,000	–
National Trading Online Voucher	5,000	5,000	700	700
Private house grants for older people and people with a disability	10,000	10,000	10,000	–
National City of Culture programme	6,000	6,000	6,000	–
Cork Events Centre	10,000	10,000	–	1,000
Social housing	30,000	30,000	30,000	–
1916 commemoration projects	6,000	6,000	4,337	1,466
Infrastructure at the Irish Maritime and Energy Resource Cluster	1,300	1,300	1,300	–
Traditional skills and buildings at risk jobs scheme	5,000	5,000	5,000	–
Unfinished housing estate resolution pilot project	10,000	10,000	7,026	2,974
Book rental scheme	5,000	5,000	5,000	–
National Paediatric Hospital	200,000	–	–	–
Total allocated funding	395,800	195,800	158,313	24,676

Source: Department of Public Expenditure and Reform

Conclusion

- 7.20 The National Lottery Fund supports a wide range of programmes addressing purposes set out in the National Lottery Act 2013. Exchequer and National Lottery funding is combined under the various programmes with the National Lottery Fund providing 92% of the funding to the programmes supported in 2014. The Estimates do not set out the proportion of funding provided by the National Lottery Fund to each programme.

Annex 1 Programmes Supported by National Lottery Funding



Source: Office of the Comptroller and Auditor General