



# National Lottery etc. Act 1993

## 1993 CHAPTER 39

### PART II

#### DISTRIBUTION OF THE NET PROCEEDS OF THE NATIONAL LOTTERY

##### *The distribution system*

#### **21 The National Lottery Distribution Fund**

- (1) There shall be a fund maintained under the control and management of the Secretary of State and known as the National Lottery Distribution Fund.
- (2) The Secretary of State shall pay into the Distribution Fund all the sums that are paid to him by virtue of section 5(6).

#### **22 Apportionment of money in Distribution Fund**

- (1) Every sum that is paid into the Distribution Fund under section 21(2) shall be apportioned as follows.
- (2) So much of the sum as the Secretary of State considers appropriate shall be allocated for making payments under section 31 and held in the Distribution Fund for that purpose.
- (3) Of the balance—
  - (a) 20 per cent. shall be allocated for expenditure on or connected with the arts,
  - (b) 20 per cent. shall be allocated for expenditure on or connected with sport,
  - (c) 20 per cent. shall be allocated for expenditure on or connected with the national heritage,
  - (d) 20 per cent. shall be allocated for charitable expenditure, and
  - (e) 20 per cent. shall be allocated for expenditure on projects to mark the year 2000 and the beginning of the third millennium.

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## **23 The distributing bodies**

- (1) So much of any sum paid into the Distribution Fund as is allocated for expenditure on or connected with the arts shall be held in the Distribution Fund—
  - (a) as to 97.2 per cent., for distribution by the Arts Council of Great Britain, and
  - (b) as to 2.8 per cent., for distribution by the Arts Council of Northern Ireland.
- (2) So much of any sum paid into the Distribution Fund as is allocated for expenditure on or connected with sport shall be held in the Distribution Fund—
  - (a) as to 83.3 per cent., for distribution by the Sports Council,
  - (b) as to 8.9 per cent., for distribution by the Scottish Sports Council,
  - (c) as to 5 per cent., for distribution by the Sports Council for Wales, and
  - (d) as to 2.8 per cent., for distribution by the Sports Council for Northern Ireland.
- (3) So much of any sum paid into the Distribution Fund as is allocated for expenditure on or connected with the national heritage shall be held in the Distribution Fund for distribution by the Trustees of the National Heritage Memorial Fund.
- (4) So much of any sum paid into the Distribution Fund as is allocated for charitable expenditure shall be held in the Distribution Fund for distribution by the National Lottery Charities Board (established under section 37).
- (5) So much of any sum paid into the Distribution Fund as is allocated for expenditure on projects to mark the year 2000 and the beginning of the third millennium shall be held in the Distribution Fund for distribution by the Millennium Commission (established under section 40).

## **24 Payments from Distribution Fund to distributing bodies**

At such times as the Secretary of State thinks appropriate, payments of such amounts as he thinks appropriate may be made to a body specified in section 23 out of so much of any money in the Distribution Fund as is held for distribution by that body.

## **25 Application of money by distributing bodies**

- (1) Subject to the provisions of this Part, a body shall distribute any money paid to it under section 24 for meeting expenditure of the relevant description mentioned in section 22(3).
- (2) A body shall not under subsection (1) distribute money for any purpose or in any manner if it does not have power to distribute money for that purpose or in that manner apart from subsection (1).
- (3) A body may defray out of any money paid to it under section 24 any expenses incurred by the body in consequence of this Act.
- (4) The Trustees of the National Heritage Memorial Fund may apply any money paid to them under section 24 for any purpose for which they have power to apply money under section 4 of the National Heritage Act 1980 (acquisition, maintenance or preservation of property in respect of which they may make grants or loans under section 3(1) of that Act).

### *Control by the Secretary of State*

#### **26 Directions to distributing bodies**

- (1) A body shall comply with any directions given to it by the Secretary of State as to the matters to be taken into account in determining the persons to whom, the purposes for which and the conditions subject to which the body distributes any money under section 25(1).
- (2) The Trustees of the National Heritage Memorial Fund shall comply with any directions given to them by the Secretary of State as to the matters to be taken into account in determining the purposes for which and the conditions subject to which the Trustees apply any money under section 25(4).
- (3) A body shall comply with any directions that the Secretary of State considers it appropriate to give the body for securing the proper management and control of money paid to the body under section 24.
- (4) Directions under subsection (3) may in particular require a body—
  - (a) to obtain the consent of the Secretary of State before doing anything specified, or of a description specified, in the directions;
  - (b) to provide the Secretary of State at times specified by him with such information as he may require.
- (5) The Secretary of State shall consult a body before giving any directions to it under this section.

#### **27 Power to prohibit distribution in certain cases**

- (1) Where subsection (2) applies, the Secretary of State may by order prohibit a body from distributing money under section 25(1) to a person specified in the order.
- (2) This subsection applies if at the time the order is made—
  - (a) the person specified is a company of which the body, or a wholly-owned subsidiary of the body, is a member, or
  - (b) the Secretary of State considers that the body is able (whether directly or indirectly) to control or materially to influence the policy of the person specified in carrying on any undertaking or performing any functions.
- (3) In subsection (2)—
  - (a) “company” means a company formed and registered under the Companies Act 1985 or the Companies (Northern Ireland) Order 1986 or a company to which the provisions of that Act or Order apply as they apply to a company so formed and registered, and
  - (b) “wholly-owned subsidiary” has the meaning given by section 736 of that Act or Article 4 of that Order.
- (4) Where subsection (5) applies, the Secretary of State may give directions to a body—
  - (a) prohibiting it from distributing money under section 25(1) to a person in Northern Ireland specified in the directions, or
  - (b) requiring it to secure that any money distributed by it under section 25(1) to such a person is not applied for a purpose specified in the directions.

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- (5) This subsection applies if at the time the directions are given the Secretary of State considers that—
- (a) a proscribed organisation for the purposes of the Northern Ireland (Emergency Provisions) Act 1991, or
  - (b) any other organisation that appears to him to be concerned in terrorism in Northern Ireland or in promoting or encouraging it,
- might directly or indirectly derive benefit from the distribution of money to the person specified.
- (6) In subsection (5) “benefit” includes benefit of a non-financial nature and, in particular, an enhancement of reputation.
- (7) A body may not disclose to any other person either the identity of any person specified in directions given to it under subsection (4) or any information that might lead to the identification of such a person.
- (8) A body shall provide the Secretary of State with such information as he may require for the purpose of exercising his powers under this section in relation to the body.

## **28 Power to amend section 22**

- (1) The Secretary of State may by order amend section 22(3) so as to substitute different percentages for any of the percentages for the time being specified there.
- (2) Any amendment made under this section shall be such that—
- (a) no percentage lower than 5 per cent. is specified in section 22(3), and
  - (b) the percentages specified in section 22(3) amount in total to 100 per cent.
- (3) Without prejudice to the generality of section 60(5), an order under this section may provide for sums that apart from the order would be held in the Distribution Fund for distribution by a particular body to be held in the Distribution Fund for distribution by another body specified in section 23.

## **29 Power to amend section 23**

- (1) The Secretary of State may by order amend subsection (1), (2), (3) or (4) of section 23 so as—
- (a) to substitute a different body for any body for the time being specified in that subsection;
  - (b) to add another body to the bodies or body for the time being specified in it;
  - (c) to omit any body for the time being specified in it;
  - (d) to substitute different percentages for any percentages for the time being specified in it.
- (2) Any amendment made under subsection (1) shall be such that the amended subsection—
- (a) provides for the whole of the sum mentioned in that subsection to be held for distribution by the one body specified in that subsection, or
  - (b) provides for the whole of that sum to be held for distribution by the two or more bodies specified in that subsection and specifies, in relation to each of those bodies, what percentage of that sum is to be held for distribution by that body.

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- (3) The Secretary of State may by order provide that subsection (1), (2), (3) or (4) of section 23 shall, pending the making of an order amending that subsection under subsection (1),—
- (a) cease to have effect, or
  - (b) have effect as if any of the bodies for the time being specified in it were omitted.
- (4) Without prejudice to the generality of section 60(5)—
- (a) an order made under subsection (1) may provide for sums that apart from the order would be held in the Distribution Fund for distribution by a particular body to be held in the Distribution Fund for distribution by another body (being a body that on the coming into force of the order is specified in the subsection amended by the order);
  - (b) an order made under subsection (3) may provide for sums that apart from the order would be held in the Distribution Fund for distribution by a particular body to be held in the Distribution Fund in the name of the Secretary of State, pending being held for distribution by another body in accordance with the order to be made under subsection (1).
- (5) Without prejudice to the generality of subsection (1), the Secretary of State may exercise his powers under that subsection so as to remove from section 23 any body that has contravened or failed to comply with a requirement or prohibition imposed on it by or under section 26 or 27.

*Winding up of fund allocated under section 22(3)(e)*

**30 Winding up of fund allocated under section 22(3)(e)**

- (1) In relation to any sum that is paid into the Distribution Fund under section 21(2) after 31st December 2000, section 22(3) shall have effect—
- (a) with the omission of paragraph (e), and
  - (b) subject to any order under section 28 that takes effect after 31st December 2000, with the substitution of higher percentages for the percentages that on that date are specified in paragraphs (a) to (d).
- (2) The higher percentages shall bear the same proportion to one another as the percentages for which they are substituted and shall amount in total to 100 per cent.
- (3) The Secretary of State may by order substitute a later date for the date that is for the time being specified in subsection (1).

*Distribution Fund: further provisions*

**31 Payments from Distribution Fund in respect of expenses**

- (1) At such times as the Secretary of State with the approval of the Treasury determines to be appropriate, payments shall be made into the Consolidated Fund out of so much of any money in the Distribution Fund as is held under section 22(2).
- (2) The payments shall be of such amounts as the Secretary of State with the approval of the Treasury determines to be appropriate for—

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- (a) meeting payments made or to be made under paragraph 5 of Schedule 2,
  - (b) defraying expenses incurred or to be incurred by the Secretary of State in exercising his functions under this Act, and
  - (c) defraying expenses incurred or to be incurred by the National Debt Commissioners in making investments under section 32.
- (3) In determining what amounts are appropriate for meeting the payments referred to in subsection (2)(a), the Secretary of State shall take into account sums paid or to be paid into the Consolidated Fund under section 7(6).

### **32 Investment of Distribution Fund**

- (1) So much of any money in the Distribution Fund as is neither held under section 22(2) nor immediately required for making payments under section 24 may be paid over to the National Debt Commissioners and invested by them in accordance with such directions as may be given by the Treasury.
- (2) The proceeds of any investment made under subsection (1) or this subsection may be re-invested by the National Debt Commissioners in accordance with such directions as may be given by the Treasury.
- (3) The proceeds of any investment made under subsection (1) or (2) shall, if they are not re-invested under subsection (2), be paid into the Distribution Fund and—
- (a) to the extent that the proceeds are attributable to the investment of sums paid under subsection (1) out of money held for distribution by a body specified in section 23, held in the Distribution Fund for distribution by that body (subject to any order under section 28 or 29);
  - (b) to the extent that the proceeds are attributable to the investment of sums paid under subsection (1) out of money held in the name of the Secretary of State by virtue of paragraph (b) of section 29(4), held in the Distribution Fund in his name as mentioned in that paragraph (or where the order under section 29(1) mentioned in that paragraph has been made, held in accordance with that order).
- (4) In this section “proceeds”, in relation to an investment, means any interest or dividends received in respect of the investment and any sums received on the realisation of the investment.
- (5) For the purposes of subsection (3), the extent to which any proceeds are attributable to the investment of sums paid under subsection (1) out of money held for distribution by a particular body or held in the name of the Secretary of State shall be determined by, or in accordance with principles determined by, the Secretary of State.

### **33 Accounts of the Secretary of State and National Debt Commissioners**

- (1) The Secretary of State shall prepare accounts in respect of the Distribution Fund in such form, and in such manner and at such times, as the Treasury may direct.
- (2) The National Debt Commissioners shall prepare accounts in respect of any investments under section 32 in such form, and in such manner and at such times, as the Treasury may direct.

- (3) Each account prepared under subsection (1) or (2) shall be sent to the Comptroller and Auditor General who shall examine, certify and report on it and shall lay copies of it and of his report before Parliament.

*Reports and accounts of distributing bodies*

**34 Annual reports by distributing bodies other than Millennium Commission**

- (1) As soon as possible after the end of every financial year, each body that in that year was paid any money under section 24 or distributed or applied any money under section 25 shall make a report to the Secretary of State on the exercise during that year of its functions under this Act.
- (2) The report shall set out any directions given to the body under section 26 that had effect during the financial year to which the report relates.
- (3) The Secretary of State shall lay a copy of every report received by him under this section before Parliament.
- (4) This section does not apply to the Millennium Commission.

**35 Accounts of distributing bodies other than Charities Board and Millennium Commission**

- (1) A body shall keep proper accounts in respect of any money paid to it under section 24 and proper records in relation to the accounts.
- (2) A body shall prepare a statement of accounts in respect of each financial year in which it was paid any money under section 24 or distributed or applied any money under section 25.
- (3) The statement shall comply with any directions that may be given by the Secretary of State as to the information to be contained in such a statement, the manner in which such information is to be presented or the methods and principles according to which such a statement is to be prepared.
- (4) Copies of the statement shall be sent to the Secretary of State and the Comptroller and Auditor General within such period after the end of the financial year to which the statement relates as the Secretary of State may direct.
- (5) The Comptroller and Auditor General shall examine, certify and report on the statement and shall lay copies of the statement and of his report before Parliament.
- (6) The Secretary of State shall not give a direction under this section without the Treasury's approval.
- (7) This section does not apply to the National Lottery Charities Board or to the Millennium Commission.

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*Status: This is the original version (as it was originally enacted).*

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*The Trustees of the National Heritage Memorial Fund*

**36 Amendment of the National Heritage Act 1980**

The National Heritage Act 1980 shall have effect with the amendments set out in Schedule 4.

*The National Lottery Charities Board*

**37 The National Lottery Charities Board**

- (1) There shall be a body corporate known as the National Lottery Charities Board.
- (2) Schedule 5 makes provision in relation to the Charities Board.

**38 Grants to charities etc**

- (1) The Charities Board may make out of any money they receive grants for meeting the expenditure of charities or of institutions such as are mentioned in paragraph (b) of the definition of “charitable expenditure” in section 44(1).
- (2) In making a grant under this section, the Charities Board may impose such conditions as they think fit, including conditions requiring the amount of a grant to be repaid forthwith on breach of any condition.

**39 Accounts**

- (1) The Charities Board shall—
  - (a) keep proper accounts and proper records in relation to the accounts, and
  - (b) prepare a statement of accounts in respect of each financial year.
- (2) The statement shall comply with any directions that may be given by the Secretary of State as to the information to be contained in such a statement, the manner in which such information is to be presented or the methods and principles according to which such a statement is to be prepared.
- (3) Copies of the statement shall be sent to the Secretary of State and the Comptroller and Auditor General within such period after the end of the financial year to which the statement relates as the Secretary of State may direct.
- (4) The Comptroller and Auditor General shall examine, certify and report on the statement and shall lay copies of the statement and of his report before Parliament.
- (5) The Secretary of State shall not give a direction under this section without the Treasury’s approval.

*The Millennium Commission*

**40 The Millennium Commission**

- (1) There shall be a body corporate known as the Millennium Commission.
- (2) Schedule 6 makes provision in relation to the Millennium Commission.



#### **41 Grants in respect of projects**

- (1) The Millennium Commission may make out of any money they receive grants to fund or assist in the funding of such projects as the Millennium Commission consider appropriate to mark the year 2000 and the beginning of the third millennium.
- (2) In making a grant under this section, the Millennium Commission may impose such conditions as they think fit, including conditions requiring the amount of a grant to be repaid forthwith on breach of any condition.
- (3) The Millennium Commission may do anything that they consider desirable for enabling them to determine the projects in respect of which grants under this section are to be made.

#### **42 Annual report**

- (1) As soon as possible after the end of every financial year, the Millennium Commission shall lay before Parliament a report on the exercise of their functions during that year.
- (2) The report shall set out any directions given to the Millennium Commission under section 26 that had effect during the financial year to which the report relates.

#### **43 Accounts**

- (1) The Millennium Commission shall—
  - (a) keep proper accounts and proper records in relation to the accounts, and
  - (b) prepare a statement of accounts in respect of each financial year.
- (2) The statement shall comply with any directions that may be given by the Secretary of State as to the information to be contained in such a statement, the manner in which such information is to be presented or the methods and principles according to which such a statement is to be prepared.
- (3) Copies of the statement shall be sent to the Comptroller and Auditor General within such period after the end of the financial year to which the statement relates as the Secretary of State may direct.
- (4) The Comptroller and Auditor General shall examine, certify and report on the statement and shall lay copies of the statement and of his report before Parliament.
- (5) The Secretary of State shall not give a direction under this section without the Treasury's approval.

#### *Supplementary*

#### **44 Interpretation of Part II**

- (1) In this Part—

“charitable expenditure” means expenditure—

  - (a) by charities, or
  - (b) by institutions, other than charities, that are established for charitable purposes (whether or not those purposes are charitable within the meaning of any rule of law), benevolent purposes or philanthropic purposes;

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- “the Charities Board” means the National Lottery Charities Board;
- “the Distribution Fund” means the National Lottery Distribution Fund;
- “expenditure on or connected with the national heritage” means expenditure for the purpose—
- (a) of acquiring, maintaining or preserving (or assisting in the acquisition, maintenance or preservation of) any property of a description mentioned in section 3(1)(a) to (e) of the National Heritage Act 1980, or
  - (b) of carrying out (or assisting in the carrying out of) anything mentioned in section 3(2B)(a) to (g) of that Act (as inserted by paragraph 3 of Schedule 4);
- “financial year”, in relation to a body, means—
- (a) the period beginning with the date on which the body is established and ending with the next 31st March, and
  - (b) each successive period of twelve months ending with 31st March.
- (2) For the purposes of the definition of “expenditure on or connected with the national heritage” in subsection (1), any reference in section 3 of the National Heritage Act 1980 to the opinion of the Trustees shall be read, in relation to any body other than the Trustees of the National Heritage Memorial Fund that is for the time being specified in section 23(3), as a reference to the opinion of that body.