**Departmental Minute dated 14th September 2016 reporting a contingent liability in relation to the 2019 World Road Cycling Championships**

It is normal practice, when a government department proposes to undertake a contingent liability in excess of £300,000 for which there is no specific statutory authority, for the Minister concerned to present a departmental Minute to Parliament giving particulars of the liability created and explaining the circumstances; and to refrain from incurring the liability until fourteen parliamentary sitting days after the issue of the Minute, except in cases of special urgency.

The purpose of this Minute is to make Parliament aware that the Department for Culture, Media and Sport (DCMS) has taken on a contingent liability in relation to the World Road Cycling Championships in 2019.  In order to meet the Union Cycliste Internationale (UCI) timetable for formal bids to host the event by 16 August 2016, this liability was taken on during the Parliamentary recess.  Following the process set out in ‘Managing Public Money’, this liability was reported to the Chairs of the Public Accounts Committee and the Culture, Media and Sport Select Committee on 22 July on Parliament’s behalf, who subsequently confirmed no objections were raised.

In the Chancellor’s 2015 Autumn Statement, the Government committed to support a bid to stage the World Road Cycling Championships. If the bid were to be successful, it would provide British cyclists with a home advantage at a key strategic cycling event one year prior to the 2020 Tokyo Olympic Games. It is also expected the event would deliver significant economic benefits to the towns and cities where the Championships are staged, as was the case when the Tour de France Grand Depart was hosted in Yorkshire in 2014.

British Cycling is the National Governing Body for cycling and their preferred host region for the bid was Yorkshire. The formal bid was developed collaboratively by Welcome to Yorkshire, which is the Major Events Organisation for Yorkshire, with British Cycling, the Government and UK Sport, the body that provides strategic investment of National Lottery and Exchequer funding into Olympic and Paralympic sport. The bid was submitted to the UCI on 16 August and envisages the Championships encompassing seven Yorkshire locations, with Harrogate selected as the main host town.

Feasibility work for the Championships indicated an outline bid budget, including contingencies, of £14 million.  This includes race staging, security, logistics, promotion and communications, a volunteer programme and other operational expenses connected with the competition. A potential requirement for further expenditure is being scoped that could increase the budget from £14 million to up to £16.5 million.

A package of support from Government for the bid, contingent on a successful candidature, was agreed between the DCMS and HM Treasury, consisting of the following:

* £9 million towards the hosting costs of the Championships in Yorkshire;
* An underwrite for the overall event; and
* £15 million towards developing cycling sport facilities in England, including closed road circuits, as a lasting legacy for the event.

As set out above, government intends to underwrite the costs of the event, thus creating a contingent liability in the event that there is a shortfall in revenue. In addition to the £9m from Government, UK Sport’s Board will consider a contribution of £3 million, and £2 million of commercial income is anticipated in the bid.

Partners are currently in discussion regarding the potential requirement to increase the budget from £14 million to up to £16.5 million and how that potential increase would be funded, or the scope altered to reflect the budget available.

DCMS and UK Sport will continue to work closely with Welcome to Yorkshire and British Cycling to ensure the event budget is matched to revenue as closely as possible and to manage the risk of a call on the government’s contingent liability. It is understood by all bid partners that the liability can only be called upon as a last resort.  If the liability is called, provision for any payment will be sought through the normal supply procedure.

The Treasury has approved the proposal in principle.

**Department for Culture, Media and Sport**

**14th September 2016**