Subsidy Advice Unit Report on the proposed subsidy to Athletic Ventures LLP

Referred jointly by UK Sport and the Greater London Authority

02 July 2026

Subsidy Advice Unit

Part of the Competition and Markets Authority

CONTENTS

1. The Referral

1.1 On 21 May 2026, UK Sport (UKS) and the Greater London Authority (GLA) requested a report from the Subsidy Advice Unit (the SAU)[1] in relation to the proposed subsidy to Athletic Ventures LLP (AV) for the World Athletics Championships 2029 (the Subsidy) under section 52 of the Subsidy Control Act 2022 (the Act).[2]

1.2 This report evaluates UKS's and GLA's assessment of compliance (the Assessment) of the Subsidy with the requirements of Chapters 1 and 2 of Part 2 of the Act.[3] It is based on the information and evidence included in the Assessment.

1.3 This report is provided as non-binding advice to UKS and GLA. It does not consider whether the Subsidy should be given, or directly assess whether it complies with the subsidy control requirements.

Summary

1.4 The Assessment uses the four-step structure described in the Statutory Guidance for the United Kingdom Subsidy Control Regime (the Statutory Guidance) and as reflected in the SAU's Guidance on the operation of the subsidy control functions of the Subsidy Advice Unit (the SAU Guidance).

1.5 In our view, UKS and GLA have considered in detail the compliance of the Subsidy with the subsidy control principles. In particular, the Assessment:

(a) describes and evidences the specific policy objectives of the Subsidy (Principle A);

(b) describes what would be likely to happen if the Subsidy was not awarded (Principle C);

(c) explains and evidences how the Subsidy would change the beneficiary's economic behaviour and that the Subsidy brings about changes that would not have occurred absent the subsidy (Principle D).

1.6 However, we have identified the following areas for improvement. In our view the Assessment should:

[1] The SAU is part of the Competition and Markets Authority
[2] Referral of the proposed subsidy to Athletic Ventures LLP by UK Sport and the Greater London Authority - GOV.UK
[3] Chapter 1 of Part 2 of the Act requires a public authority to consider the subsidy control principles and energy and environment principles before deciding to give a subsidy. The public authority must not award the subsidy unless it is of the view that it is consistent with those principles. Chapter 2 of Part 2 of the Act prohibits the giving of certain kinds of subsidies and, in relation to certain other categories of subsidy creates a number of requirements with which public authorities must comply.

(a) provide further evidence, such as analysis of price sensitivity and/or ticketing analysis, to better explain the conclusion that increasing commercial income is not an appropriate alternative to achieve the policy objective (Principle E);

(b) provide more detail on the approach to clawback if a financial surplus were to materialise; and clearly set out how it has satisfied itself that the approach is proportionate, ie minimises the value of the Subsidy while achieving the policy objective (Principle B); and

(c) explicitly define the relevant product market and related wider markets impacted by the Subsidy (Principle F).

1.7 We discuss these areas below, along with other issues, for consideration by UKS and GLA in finalising their assessment.

The referred subsidy

1.8 The public authorities, UKS and the GLA, propose to award grant funding to AV to support the delivery of the World Athletics Championships 2029 (the Event) in the UK, subject to a successful international bid. The Event is identified as a strategic hosting target by UK Government, with UKS acting as the national delivery funder and the GLA providing city-level support for hosting the Event in London.

1.9 AV is a joint venture between UK Athletics, the Great Run Company and London Marathon Events. AV was established to create a more strategic approach to hosting athletics events in the UK and to support the ongoing, future financial health of UK Athletics. It has been operational for approximately 24 months and has been responsible for the successful delivery, on an exclusive basis, of UK Athletics' full events portfolio.

1.10 The total value of the Subsidy is up to £43.3 million, comprising a grant of up to £32.8 million from UKS, via the Department for Culture, Media and Sport (DCMS), and up to £10.5 million from the GLA. The Assessment states that the Subsidy is intended to address a forecast operating deficit in delivering the Event, and to help realise wider economic, social, sporting and reputational benefits that would not otherwise be achieved.

1.11 The Subsidy will be provided in the form of separate grant funding agreements (GFA) between each public authority and AV. Funding will be time-limited, conditional on the UK securing hosting rights, and restricted to eligible event management and delivery costs.

1.12 UKS and GLA explained that the Subsidy is a Subsidy of Particular Interest because it exceeds £25 million in value.

2. The SAU's Evaluation

2.1 This section sets out our evaluation of the Assessment, following the four-step structure used by UKS and GLA.

Step 1: Identifying the policy objective, ensuring it addresses a market failure or equity concern, and determining whether a subsidy is the right tool to use

2.2 Under Step 1, public authorities should consider compliance of a subsidy with:

(a) Principle A: Subsidies should pursue a specific policy objective in order to remedy an identified market failure or address an equity rationale (such as local or regional disadvantage, social difficulties or distributional concerns); and

(b) Principle E: Subsidies should be an appropriate policy instrument for achieving their specific policy objective and that objective cannot be achieved through other, less distortive, means.[4]

Policy objectives

2.3 The Assessment sets out an overarching policy objective, as well as objectives specific to each of UKS and GLA.[5]

2.4 The overarching policy objective is to secure the World Athletics Championships 2029 for the UK (in London), to realise the economic, social, legacy profile and tourism benefits for the nation and to support the elite sporting system in the UK. The role of the Subsidy is to provide public funding to the delivery of the event to remedy the market failure (see below), and therefore realise the far reaching, direct and indirect social and economic benefits to the host city, host nation, local businesses and local communities of the Event.

2.5 UKS's policy objective is to host and deliver the Event in the UK and maximise public and economic benefits across the nation (including London), in line with the UK's Strategic Plan (2021-2031) and Making Live Sport Matter framework.

2.6 GLA's policy objective is to secure and deliver the Event in London to drive economic growth, international profile, and long-term legacy benefits for London and Londoners, in line with the Mayor of London's Growth, Sport, Tourism and Global City objectives.

[4] See Statutory Guidance, paragraphs 3.33–3.59 and the SAU Guidance, paragraphs 3.6–3.10 for further detail.
[5] In accordance with the approach suggested in Statutory Guidance, paragraph 3.25.

2.7 In our view, the Assessment describes and evidences the specific policy objectives of the Subsidy.

Market failure

2.8 Market failures arise where market forces alone do not produce an efficient outcome. When this arises, businesses may make investments that are financially rational for themselves, but not socially desirable.[6]

2.9 The Assessment explains that the Event is not commercially viable without public support. It notes that, while the budget accounts for direct revenues from spectators, broadcasting and accommodation, it does not capture the wider economic and social value for the host city, local businesses and the UK economy.

2.10 The Assessment states that the Event generates significant positive externalities that would not be captured in the Event's commercial revenues and therefore would not be realised without public support. These externalities include both direct and indirect economic impacts for London and the UK (including visitor spend and supply chain effects), jobs and skills outcomes (including through event-time employment and volunteering opportunities), participation growth and associated wellbeing benefits, and wider reputational, tourism and soft-power impacts.

2.11 The Assessment refers to commissioned analysis and previous major sporting events to demonstrate the anticipated scale and breadth of the economic and social impact to the UK as a result of hosting the Event.

2.12 The Assessment explains that the Subsidy is intended to address this market failure by filling the operational deficit associated with delivering the Event, thereby enabling it to proceed and unlocking the wider benefits.

2.13 In our view, while the Assessment identifies credible positive externalities arising from the Event, it could more fully evidence the market failure by quantifying, with supporting evidence, the scale of those externalities.

Appropriateness

2.14 Public authorities must determine whether a subsidy is the most appropriate instrument for achieving the policy objective. As part of this, they should consider other ways of addressing the market failure or equity issue.[7]

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[6] Statutory Guidance, paragraphs 3.36–3.51.
[7] Statutory Guidance, paragraphs 3.5r–3.59.

2.15 The Assessment states that the Subsidy is the most appropriate instrument to achieve the policy objective, noting that neither body has regulatory powers to compel market delivery.

2.16 The Assessment further explains that increased private sector financing is not a viable alternative, as events of this nature are not considered deliverable without public funding (see paragraphs 2.22 and 2.23 below).

2.17 The Assessment considered and dismissed the following means to achieve the policy objective:

(a) **Increasing commercial income**, as it would require significant increases in ticket prices that would risk reducing demand and undermine the objective of accessibility, as well as increase financial risk and the likelihood of losses.

(b) **Securing funding from other public authorities,** as there is no other public authority with aligned objectives or funding responsibility for a London-hosted event of this nature.

(c) **Commercial loans**, as they would increase overall project costs through interest repayments and would either be unaffordable from event revenues or require diversion of resources away from wider sporting objectives.

2.18 The Assessment states that increasing commercial income, including through higher ticket prices, would reduce demand and undermine accessibility. While supporting documents note that spectator income represents a significant component of total event income, the Assessment does not draw on supporting analysis to substantiate this statement.

2.19 In our view, the Assessment demonstrates that UKS and GLA have considered other ways of achieving the policy objective and explains why a subsidy was the most appropriate option. However, it should provide further evidence, such as analysis of price sensitivity and/or ticketing analysis, to better explain the conclusion that increasing commercial income is not an appropriate alternative to achieve the policy objective.

Step 2: Ensuring that the subsidy is designed to create the right incentives for the beneficiary and bring about a change

2.20 Under Step 2, public authorities should consider compliance of a subsidy with:

(a) Principle C: Subsidies should be designed to bring about a change of economic behaviour of the beneficiary. That change should be something that would not happen without the subsidy and be conducive to achieving its specific policy objective; and

(b) Principle D: Subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.[8]

Counterfactual

2.21 In assessing the counterfactual, public authorities should consider what would likely happen in the future – over both the long and short term – if no subsidy were awarded (the 'do nothing' scenario).[9]

2.22 The Assessment states that if no subsidy is granted, the Event would not be commercially viable and therefore could not be hosted by the UK. The Assessment explains that the event budget contains a substantial operating deficit, and that there is no meaningful indication that another private enterprise would step in on a purely commercial basis.

2.23 UKS and GLA provided supporting viability analysis, including a high-level event budget setting out expected income, expenditure and the projected deficit. UKS also commissioned an independent review of its value for money assessment, which considered the viability gap in AV's budget. Consultants considered the analysis to be sound, noting the methodologies used, including benchmarking, budgeting against the World Athletics specification and reference to known costs from the 2017 World Athletics Championships.

2.24 The Assessment further notes that, absent the Subsidy, the UK would face reputational consequences in international event hosting which could weaken the UK's attractiveness for future major event bids and undermine the wider UK events sector.

2.25 In our view, the Assessment describes what would be likely to happen if the Subsidy was not awarded.

Changes in economic behaviour of the beneficiary and additionality

2.26 Subsidies must bring about something that would not have occurred without the subsidy.[10] They should not be used to finance a project or activity that the beneficiary would have undertaken in a similar form, manner, and timeframe without the subsidy (additionality).[11]

2.27 The Assessment states that the Subsidy is intended to change the economic behaviour of the beneficiary, AV, by enabling it to undertake delivery of the Event when it otherwise would not do so. It states that, given the forecast deficit, the

[8] See Statutory Guidance, paragraphs 3.60–3.74 and the SAU Guidance, paragraphs 3.11–3.13 for further detail.
[9] Statutory Guidance, paragraphs 3.63–3.65.
[10] Statutory Guidance, paragraph 3.67.
[11] Statutory Guidance, paragraphs 3.66–3.70.

Event could not be hosted by AV or UK Athletics alone, and that the Event sits outside AV's ordinary business-as-usual operations.

2.28 The Assessment states that the Subsidy will relate only to third party costs needed to deliver the Event plus a revenue grant to cover AV's costs and will not be applied to any profit margin or markup. The Assessment notes a number of contractual restrictions that will be placed on AV such as defined ineligible costs and ringfencing of funds to ensure funds are used only in the delivery of the Event.

2.29 The Assessment further argues that the event's capped costs (operations, management, event delivery) allows for a change in AV's behaviour by creating incentives for it to provide a specific delivery model and to accept risks that would not otherwise be taken on.

2.30 In our view, the Assessment explains and evidences how the Subsidy would change the beneficiary's economic behaviour and that the Subsidy brings about changes that would not have occurred absent the Subsidy.

Step 3: Considering the distortive impacts that the subsidy may have and keeping them as low as possible

2.31 Under Step 3, public authorities should consider compliance of a subsidy with:

(a) Principle B: Subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it; and

(b) Principle F: Subsidies should be designed to achieve their specific policy objective while minimising any negative effects on competition or investment within the United Kingdom.[12]

Proportionality

2.32 The Assessment sets out several features designed to ensure that the Subsidy is the minimum necessary and proportionate to the policy objective:

(a) Scrutiny of the Event budget: the Assessment notes that the financial deficit calculation is the product of extensive budgeting by senior, experienced and financially qualified members of AV. Draft budgets have been regularly reviewed by UKS and further scrutiny of the budget has been provided by DCMS as part of the department's business case process. Budgeting has been based on the World Athletics specification, with estimates underpinned

[12] See Statutory Guidance paragraphs 3.75–3.112 and the SAU Guidance, paragraphs 3.14–3.18 for further detail.

by actual costs from the World Athletics Championships 2017 (adjusted for inflation), as well as live examples from the market of similar events.

(b) The Assessment states commercial revenue streams have been maximised (within reason considering risk and return tolerances across the event partnership) to minimise the Event deficit. It notes that the Subsidy intensity rate is lower than for similar UK events in recent years, which UKS informed us is in part, due to the strength of interest in athletics events from the public, driving commercial revenue.[13]

(c) The Subsidy is ringfenced to operations, management and event delivery costs of the Event. UKS commissioned an independent value for money (VfM) assessment, which includes consideration of costs across similar events with similar risk profiles and delivery models, to ensure that the Subsidy represents market value and is proportionate.

(d) The VfM assessment notes that risk sharing mechanisms act as further contingency beyond the agreed level, and this is further evidence of the value of the agreement with AV to deliver the event.

(e) The GFA includes clear performance criteria, along with a monitoring and evaluation system to ensure the Subsidy is paid in accordance with achievement of metrics related to delivery of the Event.

(f) UKS' GFA requires clawback of costs relating to ineligible activities.

(g) UKS clarified that it expects to adopt a bespoke approach for distribution of Event surplus.

2.33 In our view, the Assessment demonstrates that the Subsidy is proportionate and limited to the minimum necessary to achieve its specific policy objectives, in line with the Statutory Guidance.

2.34 However, in our view, the Assessment:

(a) should provide more detail on the approach to clawback if a financial surplus were to materialise; and clearly set out how it has satisfied itself that the approach is proportionate, ie minimises the value of the Subsidy while achieving the policy objective; and

(b) could better draw on information provided in the supporting documents to explain how proportionality is demonstrated. For example, it could provide

[13] The Subsidy intensity rate refers to the percentage of a project or activity funded by public money.

evidence to show the level of subsidy is the minimum necessary by explicitly referring to ticketing revenue analysis mentioned by a third-party consultant.

Design of subsidy to minimise negative effects on competition and investment

2.35 The Assessment identifies a number of characteristics of the Subsidy that it states reduce the risk of distortions on competition or investment within the UK by ensuring funding is proportionate and restricted to activities to deliver the Event, including:

(a) nature of the instrument – alternative funding structures (greater reliance on the public sector) were considered but discounted in favour of a risk-limiting investment model and a closer, more collaborative approach between the private and public sector which UKS informed us also has longer term benefits for the sector as a whole;

(b) the funding is one-off, time-limited support ([✂]). Payments are ring-fenced to direct delivery costs. Payment is dependent on AV's progress towards the deliverables set out in the GFA; and

(c) UKS also told us the Subsidy has been designed to avoid overcompensation throughout the proposed event budget, across operational costs, event management costs and event delivery costs, as well as setting revenue levels at an appropriate level for the partnership.

2.36 The Assessment states that AV was selected as the recipient of the Subsidy on the basis that it is the only organisation, across both the public and private sectors, able to meet UKS's and World Athletics' key financial commitments for the Event. UKS clarified that AV has exclusive rights for the full UK Athletics events portfolio, including the Event. Although AV was created following an options appraisal run by UK Athletics, followed by partnership led commercial discussions, a supporting annex sets out its VfM analysis of the financial commitments provided by AV which 'are significantly beyond the average set of commitments provided by other 'similar' models.' This analysis refers to private sector organisations having full financial responsibility for the event.

2.37 In our view, the Assessment demonstrates and evidences how design features of the Subsidy contribute to minimising any negative effects of the Subsidy on competition and investment within the United Kingdom.

Assessment of effects on competition or investment

2.38 The Assessment does not explicitly define a market but refers to AV's market position in the delivery of major athletics events and it being the sole delivery body for international, bid-for, athletics events in the UK.

2.39 The Event will primarily be delivered in London however; benefits are expected to be UK-wide. These benefits will be achieved through economic and tourism impacts including visitor spending, hospitality transport and event-related employment, as well as broader supply-chain effects.

2.40 The Assessment acknowledges that the Subsidy may contribute to reinforcing AV's position in the delivery of major athletics events in the UK, subsequently reducing the incentive for other organisations to invest in developing comparable delivery capability. However, it considers the likely impact to be limited as it states the pool of alternative organisations able to partner with UK Athletics is small, due to the non-standard obligations and requirements for the Event. In a supporting annex, it refers to events where other private sector organisations were able to offer similar commitments for other similar sporting events; however, it considers past events to have been significantly smaller in both scale and commercial risk, than the proposed AV arrangements.

2.41 The Assessment states the effects on competition and investment are likely to be limited. It refers to the small size of the Subsidy (under 1%) relative to the size of the UK events industry[14] and the UK sports industry.[15]

2.42 In our view, the Assessment considers the effect of the Subsidy on competition and investment. However, the Assessment should explicitly define the relevant product market and related wider markets impacted by the Subsidy.

2.43 The Assessment could also provide more detail on the potential impact of the Subsidy on investment by:

(a) identifying organisations active in the delivery of major international sporting events in the UK and setting out information on their number and size; and

(b) setting out the scope for competitive interaction with organisations experienced in the delivery of other UK events including smaller sporting events and across other sports.

Step 4: Carrying out the balancing exercise

2.44 Under step 4 (principle G), public authorities should establish that the benefits of the subsidy (in relation to the specific policy objective) outweigh its negative effects, in particular negative effects on competition or investment within the United Kingdom and on international trade or investment.[16]

[14] Estimated value £68.7 billion according to a 2025 report by UK Events.
[15] Estimated value £99.6 billion in 2021 according to a third-party report commissioned by HMG.
[16] See Statutory Guidance, paragraphs 3.113–3.121 and the SAU Guidance, paragraphs 3.19–3.21 for further detail.

2.45 The Assessment identifies several possible negative effects of the Subsidy relating to competition, geography and distribution:

(a) As the Event will be delivered in London, a greater share of short-term economic activity may accrue there, with some displacement from other UK regions. The Assessment states that this risk is mitigated by the national focus of the policy objective, including UK-wide legacy and tourism benefits, supply chain opportunities, and workforce and volunteering impacts, as well as by drawing delivery personnel from across the UK.

(b) Reinforcement of AV's position in the UK market for major athletics event delivery, which may be difficult for other competitors to overcome and could lead to reduced incentives for other organisations to invest in comparable delivery capability. However, the Assessment states UKS is not aware of existing operators who can realistically compete with AV, and notes AV has exclusive rights to deliver such events through its collaboration with UK Athletics. The Assessment also states that UK Athletics, and the sport of athletics in the UK, could become overly reliant on AV but it concludes that this would be outweighed by the positive impact of AV providing financial stability to UK Athletics, which is considered to have greater strategic value to UK Athletics. UKS told us that this risk will be mitigated on an ongoing basis by the robust management of public investment in UK Athletics, and the ongoing financial management of UK Athletics which has recently resulted in them securing a net surplus (following a series of loss-making years).

2.46 The Assessment then considers the expected benefits of the Subsidy. It states that major sporting events such as the Event bring well documented economic benefits, citing an independent report which found major sporting events delivered a 6:1 return on investment in 2023. Supporting evidence is provided to quantify the expected benefits, including an independent 'Economic and Social Impact Assessment Report', which estimates quantifiable benefits totalling £240 million across the Event.

2.47 The Assessment also states that the Event will generate significant additional benefits, which would not be realised without the Subsidy. These include jobs and skills outcomes, wellbeing and reputational benefits, and soft-power gains.

2.48 The Assessment concludes that the benefits of achieving the overarching policy objective outweigh the negative effects. It states that both UKS and GLA consider the potential negative effects are unlikely to materialise to a significant extent because the Subsidy is time-limited and event-specific and measures have been taken to minimise overcompensation (see paragraph 2.32).

2.49 In our view, the Assessment clearly sets out the positive effects of the Subsidy in relation to the policy objectives, as well as potential negative impacts, and conducts a balancing exercise between them in line with the Statutory Guidance.

2.50 However, the Assessment could better consider the impact of the Subsidy on international trade or investment, for example by setting out the effect of tourism flow and associated spend on internal import and exports.

Other Requirements of the Act

2.51 UKS and GLA confirmed that no other requirements or prohibitions set out in Chapter 2 of Part 2 of the Act apply to the Subsidy**.**

02 July 2026