



English Sports Council  
Grant in Aid and Lottery

Annual Report and Accounts  
2007-2008





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Annual Report presented to Parliament by the Secretary of State for Culture, Media and Sport in pursuance of section 34(3) of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998) and Accounts presented to Parliament by the Secretary of State for Culture, Media and Sport on behalf of the Comptroller and the Auditor General in pursuance of section 35(5) of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998)

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# Sport England Annual Report and Accounts 2007-2008

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## Foreword to the Annual Report by Michael Farrar, Interim Chairman

As a Sport England Board Member, and latterly as Sport England's Interim Chairman, I believe in the power of sport.

For the first time we have seen an increase in adult participation in sport. Half year results from the second year of Sport England's Active People survey show that the number of adults aged 16 plus, participating in 30 minutes of moderate intensity sport three times a week, has increased by 359,423. That's a 0.7 percentage point increase on the first survey, with particularly good results in Yorkshire where participation has gone up by 3.2 percentage points. Participation in sport by children and young people has also continued to grow. Through our contribution to the Government's PE and Sport Strategy for Young People we helped beat the school sport public service agreement target a year ahead of schedule. Overall 86% of 5-16 year olds are now doing at least 2 hours of high quality PE and sport each week.

2007/08 has also been a year of significant change and transition. The Board was strengthened at the start of the year through the appointment of five new Board Members who have brought a wealth of business expertise. The committee structure has been revamped and strengthened to enhance the Board's governance of the organisation and we have introduced more rigorous risk management. In November, we reintroduced the tradition of holding an annual open meeting and were encouraged by the interest shown by the many members of the public who came along to Wembley Stadium. Derek Mapp, who stepped down as Chairman in November 2007, brought clear leadership, energy and drive to the organisation.

Also in November 2007 James Purnell, the then Secretary of State for Culture, Media and Sport indicated that going forward Sport England's primary focus should be building and delivering a world leading sports development system. Sport England was asked to draw up a new three year strategy covering 2008-11. The Secretary of State also appointed a small external challenge group, including representation from his Department, a major National Governing Body and the Youth Sport Trust, to help develop the new strategy. Andy Burnham, the current Secretary of State for Culture, Media and Sport, approved the strategy on 10 March 2008. These represents a significant change in Sport England's focus and remit by Government and will entail a major internal reorganisation over the coming financial year.

Sport England now has a clear and agreed focus. This has been endorsed by the Government and other key partners including the National Governing Bodies of Sport. Sport England's role is to build the foundations of sporting success through the creation of a world leading sports system. We want to make sport attractive, fun and accessible to all.

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The Board has been fully involved in the development of Sport England's new three year strategy (2008/09 to 2010/11). This will deliver three clear outcomes:

- a substantial – and growing – number of people from across the community playing sport;
- talented people from all backgrounds identified early, nurtured and given the opportunity to progress to the elite level; and
- a quality sporting experience for everyone who participates in sport so they are able to fulfil their potential.

All at Sport England relish the challenge of delivering this strategy.

Creating a world leading community sports system will be a key element of the legacy to staging the 2012 Olympic Games and Paralympic Games. Sport England is investing over £50 million into the Olympic Park helping to build the Aquatics Centre and Velopark. Our job is to ensure a community legacy.

I want to end by thanking the Board, our partners and in particular National Governing Bodies of Sport, and the entire team at Sport England for their work, drive and determination.

**Michael Farrar**  
**Interim Chair of the English Sports Council**  
**8 July 2008**



## Introduction to the Annual Report by Jennie Price, Chief Executive

This Annual Report presents an overview of Sport England's work during the year, and just a few examples of the many excellent projects to which we have been able to provide funding. These projects depend on the imagination, determination and sheer hard work of those who actually deliver community sport – the coaches, officials, club administrators, governing bodies and many others, often driven by nothing more than the love of their sport.

Our job at Sport England is to provide an environment in which community sport – and those who deliver it - can flourish. We can provide research and best practice advice, help to create partnerships, make the case for sport to government and others and, of course, provide funding - £210 million in this financial year from lottery and exchequer sources, which is funding over 1500 projects, as well as providing support to 37 different governing bodies of sport.

It is heartening to be able to report that participation in sport by both adults and young people is increasing. But we need to do much more, and the opportunity presented by a home Olympic and Paralympic Games in 2012 means this is a realistic ambition.

During the year, we have worked closely with Government and our stakeholders, particularly National Governing Bodies of sport, to develop a new strategy to take us forward for the next three years. We now have a much tighter focus on sport, and new ambitions to support talent and sustain existing participants in sport, as well as increase participation.

The process of developing the strategy has been an instructive one, both for me and for the organisation as a whole. We have tried to listen as much as we can, holding two rounds of open consultation, and numerous 'round tables' with governing bodies of varying sizes, local authorities, county sports partnerships, our landscape partners and other experts in the field. We have also worked closely with a group appointed by the Secretary of State, comprising Richard Lewis, Chairman of the Rugby Football League, Steve Grainger, CEO of the Youth Sport Trust, Ged Roddy, our Vice Chair and Director of Sport at Bath University and Paul Heron of DCMS. Our consultees have been generous with their expertise and with their time, and some strong and consistent messages have emerged from the process, which I hope you will see reflected in the details of our new strategy.

I would like to offer my personal thanks to all of those people – inside and outside Sport England - who have worked with me on the strategy over recent months. During the coming year, we will focus on getting its delivery off to a flying start.

**Jennie Price**

**Chief Executive and Accounting Officer of the English Sports Council**

**8 July 2008**

## Sport England's Year in Numbers

### Our targets

#### Performance against Public Service Agreements (PSAs)

Public Service Agreements were set by Government in 2005 for the Comprehensive Spending Review period 2005/06 to 2007/08. The PSA targets are owned by Government Departments. The two key targets relevant to Sport England are PSA1 (participation in School Sport – owned jointly by DCMS and DCSF) and PSA3 (participation in sporting and cultural opportunities – owned by DCMS). As part of its remit Sport England has contributed to the work on these PSAs.

#### PSA 1 (Take-up of School Sport)

PSA 1 aims to enhance the take-up of sporting opportunities by 5 to 16 year-olds so that the percentage of school children who spend a minimum of two hours each week on high-quality PE and school sport within and beyond the curriculum rises from 25% in 2002 to 75% by 2006 and 85% by 2008. Sport England works with the Youth Sport Trust in making a contribution to this PSA.

The targets for PSA1 have been exceeded. The target of 75% participation by 2006 was met in 2005/6 with an actual recorded participation rate of 80%. The target of 85% by 2008 has already been met with 86% of 5 to 16 year olds recorded in 2006-07 as doing two hours or more PE and sport a week.<sup>1</sup>

#### PSA 3 (Take up of sporting and cultural opportunities by adults from priority groups)

PSA3 aims to increase the take-up of cultural and sporting opportunities by adults and young people aged 16 and above from priority groups by:

- Increasing the number who participate in active sports at least twelve times a year, by 3%
- Increasing the number who engage in at least 30 minutes of moderate intensity level sport at least three times a week, by 3%

#### *(a) Active sport twelve times a year, by 3%*

The active sport indicator is defined as at least one occasion of participation in an active sport during the past four weeks. The target of a 3% change is due to be achieved over the three-year period 2005/06 to 2007/08. Data for the whole period, measured by the Taking Part Survey<sup>2</sup>, will be available at the end of 2008.

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<sup>1</sup> Source: 2006/7 School Sport Survey published by the Department for Children, Schools and Families

<sup>2</sup> Taking Part: The National Survey of Culture, Leisure and Sport, December 2007

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The table below shows the final baseline estimates from year one compared with the final estimates from year two of the survey. It should be noted that a) both datasets remain estimates and b) that statistically significant changes are only likely to be observable over three years. The data shows that there are no statistically significant differences between the two sets of estimates for the other priority groups beyond apart from a slight decrease in women's participation.

### Baseline and year two comparison

	<i>Percentage</i>	
	<b>Year 1</b>	<b>Year 2</b>
	(July 2005 – June 2006)	(July 2006 – June 2007)
Black and minority ethnic	53.3	51.9
Limiting disability	32.3	31.2
Lower socio-economic	43.4	42.2
Women	47.7	46.2
<b>All adults</b>	<b>53.7</b>	<b>53.4</b>

### *(b) Moderate intensity level sport three times a week, by 3%*

The moderate intensity level sport indicator is defined as participation in moderate intensity level sport for at least 30 minutes on at least three separate days during the past week. The target of a 3% change is due to be achieved over the three year period 2005/06 to 2007/08. As above, data for the whole period, measured by the Taking Part Survey<sup>3</sup>, will be available at the end of 2008.

The table below shows the final baseline estimates from year one compared with the final estimates from year two. There are no statistically significant differences between the two sets of estimates.

### Baseline and year two comparison

	<i>Percentage</i>	
	<b>Year 1</b>	<b>Year 2</b>
	(July 2005 – June 2006)	(July 2006 – June 2007)
Black and minority ethnic	19.2	19.6
Limiting disability	9.5	9.4
Lower socio-economic	15.2	15.3
Women	18.5	18.3
<b>All adults</b>	<b>20.9</b>	<b>21.5</b>

<sup>3</sup> Taking Part: The National Survey of Culture, Leisure and Sport, December 2007

## Current levels of participation

### Participation by children

Participation in sport by 5 to 16 year olds is measured by the Department for Children, Schools and Families School Sport Survey. The most recently published survey found that in 2006/2007:

- **86%** of 5 to 16 year olds do two hours or more of PE and school sport a week – an increase from 80% in 2005/06 and exceeding the 2008 target of 85%.
- **29%** of children take part in club sport - an increase from 27% in 2005/06.
- **17%** of young people in school years 10 to 13 take part in sports volunteering - an increase from 13% in 2005/06.

### Participation by adults

Adult participation in sport and active recreation is measured against the number doing at least thirty minutes of sport and active recreation at least three times a week. Sport England's first Active People Survey, conducted in 2005/2006, is the most recent data available. During that year:

- **21%** of adults aged 16 and over achieved the 3x30 target.
- **34.9%** of adults aged 16 to 19 achieved the 3x30 target.
- **4.7%** of the adults aged 16 and over volunteered in sport for at least one hour a week.

The second Active People survey covers the period from October 2007 to October 2008. Full year results will be available in December 2008. Half year results from the second Active People survey show that the number of adults aged over 16 participating in 30 minutes of moderate intensity sport three times a week, has increased by 359,423. That is a 0.7 percentage point increase on the first survey. There have been particularly good results in Yorkshire where participation has gone up by 3.2 percentage points.

## Planning for sport

We have worked to build the needs of sport into the planning system.

In 2007/2008:

- 98% of playing field planning applications were responded to within 21 days – beating our target by 8%.
- £28.2 million was generated for sport through planning gain.

In 2005/2006 (the latest figures available):

- We were consulted on 1,216 planning applications. In 480 cases, sports provision was improved. In 696 cases, sports provision was protected. Only 40 cases went against our advice although none involved a total loss of a playing field.
- Examples of new sports provision from the applications include 115 cases where new-for-old replacement playing pitches were built. In all, 142 new indoor sports facilities and 404 outdoor facilities were built, including 84 all-weather synthetic turf pitches that enable community sport use all year round.

## Investment in sport

- In 2007/08 Sport England invested **£210 million** in sport nationally and regionally.
- Nationally, we have supported 37 different sports from cricket to table tennis, and netball to mountaineering.

## Sport England's role, relationship to other bodies and key objectives

Sport England works with the Youth Sport Trust and UK Sport to deliver smooth and seamless pathways that help release the sporting potential – playing, coaching, volunteering and officiating – of as many people as possible.

**The Youth Sport Trust** is responsible for enhancing the quality of physical education and increasing sporting opportunities for all young people

**Sport England** is responsible for building the foundations of sport success through creating a world leading community sport system

**UK Sport** is responsible for the confirmation, development and performance of world class elite athletes

### A new strategy

In December 2007 the Secretary of State for Culture, Media and Sport asked Sport England to develop a new strategy for community sport in England. Our role will be to build the foundations of sporting success through the creation of a world leading community sports system. The system will ensure:

- a substantial – and growing – number of people from across the community play sport;
- talented people from all backgrounds are identified early, nurtured and have the opportunity to progress to the elite level; and
- everyone who plays sport has a quality experience and is able to fulfil their potential.

Sport England will operate at a strategic level, working with and through National Governing Bodies and drawing in other partners including local authorities. Sport England will have a strong national team, regional teams with a tighter focus and will work with a network of County Sport Partnerships to deliver specific services.

Our work will be focused around the delivery of three key outcomes:

### Excel

Approximately 25% of Sport England's investment will focus on the development and acceleration of talent. The outcome will be well-defined, appropriate talent support systems for each sport being funded, resulting in more talented performers moving on to elite programmes and success. Precise targets regarding the size and/or quality of talent pools will be agreed with each sport.

## **Sustain**

Approximately 60% of Sport England's investment will focus on sustaining current participants in sport by ensuring that participants have a high quality experience and by working to reduce the 'drop-off' in sports participation between 16 and 18. This will be accomplished by working with at least five sports to reduce their drop-off by 25%. The lessons learned from this process will be disseminated and used as a basis for tackling drop off in other sports – and at different ages – in the period from 2011/12 to 2013/14. A further outcome will be to increase sports participants' satisfaction with the quality of their experience.

## **Grow**

Approximately 15% of Sport England's investment will be focused on increasing participation in sport by 200,000 adults per annum (one million in total by 2012/13). In addition Sport England will contribute to the outcome we share with the Youth Sport Trust of more young people accessing five hours of sport a week.

## **Overall impact**

In summary, therefore, Sport England is committed to delivering:

- At least 1 million people doing more in sport by 2012/13.
- A reduction in post 16 drop-off in at least five sports by 25% by 2012/13.
- An increase in satisfaction by sports participants.
- Improved talent development systems in at least 25 sports.
- A major contribution to the delivery of the Government's five hour sports offer for children and young people.

## National Work and Investment

### What we delivered

Sport England works with an extensive range of national sport partners to support a network of clubs, projects and programmes that inspire people to take part in sport.

Our national partners include National Governing Bodies (NGBs) of sport and organisations such as the Women's Sport and Fitness Foundation, Sporting Equals and SportsAid.

We have also worked through a variety of nationally co-ordinated programmes including Community Sport Coaches, Community Club Development and PE, School Sport Club Links.

### Working with National Governing Bodies

Sport England invests in the NGBs that govern individual sports across the country. The 2007/08 year represents year three of a four year funding programme for these organisations, which include the England and Wales Cricket Board, British Judo and England Athletics.

During 2007/2008 we invested in 31 priority and development sports through Whole Sport Plans.

### Whole Sport Plan achievements

Our investment supported a range of measures designed to support and develop community sport by:

- Encouraging more people to play sport, more often.
- Promoting sports to children and young people.
- Increasing the number of coaches who help develop sporting talent at all levels.
- Supporting clubs and encouraging club membership.
- Raising the numbers of people who volunteer in sports.



## Examples of Success

There has been a large rise in cricket and cycling clubs

Numbers of active accredited clubs	2006/07	2007/08	Annual increase
Cricket	200	265	32%
Cycling	39	64	64%

More people are involved in triathlon and football

Club and individual members	2006/07	2007/08	Annual increase
Triathlon	19,143	26,831	40%
Football	96,044	150,001	56%

There is an increase in lacrosse and rounders coaches

Qualified and active coaches	2006/07	2007/08	Annual increase
Lacrosse	3,377	3921	16%
Rounders	596	1180	98%

## National Funded Partner Investment

In 2007/2008 Sport England invested in national partners who support our aims.

They include organisations that encourage:

- Volunteering in sport - Volunteering England, National Council for Voluntary and Youth Action (NAVCA), National Council for Youth and Voluntary Services (NCVYS) and runningsports.
- Equality and widening access in sport - the Women's Sport and Fitness Foundation, Sporting Equals and The English Federation of Disability Sport.
- Child protection for young people in sport – the Child Protection in Sport Unit.
- Coach education and development in sport – sports coach UK and Skills Active.

During 2007/08, our partners have provided expert analysis and support for the sport sector.

They helped create a partnership with the main stream third sector and volunteering infrastructure, working with Volunteering England and the National Association for Voluntary and Community Action to develop improved support for sports volunteers and sports clubs to increase and sustain participation.

The Women's Sport and Fitness Foundation presented the results from 'It's time' - a unique research project that looked in detail at the drivers and barriers to women's and girls' lack of participation and forecast future participation levels.

Sports Coach UK led the development of the UK Coaching Framework and support to NGBs through the submission and endorsement of UK Coaching Certificate Levels One to Three. This provides technical and delivery guidance to County Sports Partnerships for the implementation of effective coaching systems at a county level.

Our equality partners also provided direct support to sports organisations on the Equality Standard. As a result, over 100 NGBs and County Sport Partnerships have now achieved either the Foundation or Preliminary level of the Equality Standard for Sport.

## National Stories

This year we have experienced exceptional success in a number of sports. We highlight three in this report: cycling, rugby and rowing. This success is the fruit of steady investment by Sport England over a number of years.

### Unprecedented growth in cycling

This has been a year of unprecedented growth for cycling. British Cycling clubs recruited 3,138 new members throughout 2007, and there has been a 39% increase in individual membership of British Cycling since the NGB's One Stop Plan for the sport launched in 2005. This is great news for the future of the sport and the network of clubs.

Sport England's investment in cycling has benefited people of all abilities and at every level.

British Cycling's Go-Ride programme has developed strongly, helping to improve cycle clubs, develop links with schools, raise coaching standards and encourage volunteers in the sport. Through the National Sports Foundation Sport England invested £150,000 in the Go-Ride scheme last year.

There are now 145 Go-Ride clubs, youth and junior membership has increased by 13%, and the number of full-time Go-Ride coaches has doubled to 25. In 2007/2008, Go-Ride created nearly 50,000 cycle coaching opportunities for children. This is a record number of children, and the scheme is expected to bring forward even more talent in future years.

Riders identified and developed under British Cycling's Sport England-funded Go-Ride and Talent Team coaching and talent nurturing schemes featured at the heart of Great Britain's success in Manchester. Other successes include the men's and women's team pursuit teams, which both set new world records.

British Cycling has also continued to recognise, reward and train volunteers, making the most of the opportunity to attract people to the sport through the Tour of Britain and the Tour de France. Volunteer support initiatives and the new online registration for race marshals resulted in over 5,712 volunteer sign-ups – up from 461 in 2005.

“We are now seeing unprecedented growth in participation at all levels in the sport,” says Peter King, Chief Executive, British Cycling, “Including participation in competitive events, growth in community clubs and participation in formal recreation cycling events which are providing an essential stepping stone into the sport. This growth is continuing to underpin our talent pathways and sustain our position as the number one cycling nation in the world. Sport England's investment has been critical to this growth and success and gives British Cycling a solid foundation from which to continue to build upon in the future.”

## **Rugby builds on success**

Following the 2003 Rugby World Cup victory, there was unparalleled interest in the numbers of people wanting to play rugby in their local clubs. To capitalise on this predicted surge in demand, the Rugby Football Union (RFU) introduced a £1m 'Go Play' campaign which aimed to recruit 6,000 adult players (aged 17-30). The campaign was underpinned by a new approach to 'growing the game', focusing on recruiting players in a World Cup year and developing the supporting infrastructure of clubs, coaches and volunteers in the years preceding the World Cup.

Through the National Sports Foundation Sport England invested £500,000 into the campaign. By the beginning of March 2008, the programme had already beaten its target by recruiting 9,269 players, including 840 women.

So far:

- 712 clubs are taking part
- 2,059 people are signed up as campaign team members at clubs and other organisations
- 106 universities are signed up
- 37 colleges will be directly involved

The RFU is now focusing on the second phase of the programme, 'Play On', which targets new participants and players who have rejoined the game.

## Rowing reaches out to the community

Rowing is becoming increasingly popular in the UK, partly due to our sustained Olympic success in this sport. Membership of the Amateur Rowing Association (ARA) has increased from 21,250 to 22,112 people since the start of the Whole Sport Plan, and 10,000 new people have accessed ARA programmes as a result of innovative new schemes.

Sport England supports the ARA with funding that helps ensure that rowing continues to thrive, from grass roots level up to winning medals at the Olympics.

As part of its commitment to promoting ethnic equality in sport, Sport England is investing £20,000 in the Slough Community Rowing Programme.

The programme aims to introduce rowing to local people, with a particular focus on the Sikh community. So far, it has delivered a variety of coaching and training sessions, including activities in three local secondary schools and rowing taster events for 150 adults and young people.

The ARA has established good links with the Sikh Community and Youth Services (SCYS) in Slough. With its support, the ARA has employed Harminder Singh Purewal as a community worker for the project for two years, and provided him with on-going training and support.

The ARA has agreed to work with SCYS more closely in the run up to the Beijing Olympics, including developing a series of promotional events involving ex-Olympians and a range of the 40 community groups that are part of SCYS.

## Football Foundation

Funded by Sport England, the Football Association and the Premier League, the Football Foundation is the country's largest sporting charity, with a mission to "improve facilities, create opportunities and build communities" throughout England.

Sport England's relationship with the Football Foundation continued in a successful vein in 2007/08 with an investment of £18.5 million, including £15 million Exchequer funding on grassroots football and multi-sport facilities, and £2.5 million on the Football Foundation's Community and Education programme. A further £1 million Exchequer funding was provided to fund the Kickz and Your Game initiatives.

Since its inception, the Football Foundation has funded over 5,000 projects worth over £637 million. Over £300 million of grants have been awarded.

Our investment in the Football Foundation's grassroots programme is aimed at improving facilities for football and multi-sport activity in local communities in order to sustain and increase participation amongst children and adults, regardless of background, age, or ability. In order to maximise the opportunities afforded by our funding, the Foundation links the building and renewal of facilities to local sports development plans with the aim of engaging and promoting sporting activity in local communities.

Our investment in the Football Foundation's Community and Education Programme is similarly geared towards increasing and sustaining participation, with priority given to working with the most deprived groups and communities in England. In addition, Sport England's funding has been channelled significantly towards the development of women's, girls' and disabled football.

## Community Club Development Programme

Sport England invested £18.5 million of Exchequer funding in 2007/08 in the Community Club Development Programme (CCDP) to help create better sporting opportunities for people in local communities.

This year the programme made 330 awards, which helped fund a variety of projects, including new frame and fabric halls for netball courts, new gymnastics halls and a golf equipment scheme. Following CCDP investment, clubs have experienced:

- a 26% increase in active members
- a 24% increase in coaches
- a 15% increase in volunteers
- a 43% increase in participants.

This year, as part of this programme, the Northamptonshire Trampoline Gymnastics Academy received the final tranche of its £445,000 award. This funding enabled it to build one of the best trampoline centres in Europe, which is now being considered as a major training location for the London 2012 Olympic and Paralympic Games.

The Academy now has longer opening hours, capacity for more participants, and specialist equipment to enable staff to work with people with disabilities. Since the new centre opened in December 2006, there has been a 36% increase in active members, a 14% increase in coaching and a 25% increase in volunteering.

## Community Sport Coaches

In 2007/2008, Sport England invested £8.7 million of Exchequer funds into the Community Sport Coaches Scheme.

The scheme was initially established in April 2003, with the aim of generating 3,000 paid professional coaches working at a local level, thereby increasing the number and range of coaching opportunities by 2006, according to strategic and local need.

Having achieved a figure of 3,063 employed coaches, the focus of the scheme expanded to target the number of coaching hours delivered.

In 2007/2008, 1.1 million hours of coaching were delivered by community sports coaches exceeding the target of 0.9 million.

In addition, as part of Sport England's commitment to Front Line Coaching, Community Sports Coaches whose contracts were due to expire between 1 April 2008 and 30 September 2008 were offered a 12 month extension of their contract at an additional investment of £4.5 million.

One of the stars of the scheme is Sarah Binding, a gymnastics coach who won the Community Coach of the Year at the 2007 'sports coach UK' awards. During the day, Sarah is a talent development coach for gymnastics for Somerset County Council. In the evening, she is head coach at the City of Bath Rhythmic Gymnastics Club, where she coaches an elite squad who hold a number of British titles.

"Coaching is my life," says Sarah. "I eat, sleep, breathe and dream gymnastics and coaching." Her ultimate aim is to coach and judge for the Olympics.

### Coaching hours exceed target

Region	Total 2007/08 Coaching Hours	2007/08 Target
East	106,713	81,000
East Midlands	132,813	92,000
London	258,129	170,000
North East	79,157	65,000
North West	163,790	85,000
South East	130,348	120,790
South West	83,170	85,000
West Midlands	93,061	105,000
Yorkshire	91,626	65,000
<b>Total</b>	<b>1,138,807</b>	<b>868,790</b>

## National Sports Foundation

The National Sports Foundation (NSF) encourages partnerships between private investors and community sports.

The NSF has invested in a variety of projects during the year, including:

- £150,000 in the Go-Ride cycling scheme
- £500,000 in the Go Play rugby programme
- £850,000 to the English Federation of Disability Sport for the Inclusive Fitness Initiative.

Greenhouse Schools Project is another of this year's NSF beneficiaries. It works with 28 state secondary schools in deprived parts of London, aiming to transform the lives of young people aged 11 to 16 by engaging them in sports activities.

It especially targets those who may not otherwise have access to these opportunities, and works with thousands of young people. Activities mainly focus on table tennis, basketball and street dance, as well as some multi-sports aspects. Greenhouse also works in a number of special needs schools to provide programmes for children who may otherwise miss out on such activities.

The project won the Beacon Prize for New Initiatives in 2007, which rewards exceptional contributions to charitable causes or the public.

In 2007/2008, Sport England invested £632,500 in the Greenhouse Schools Project. The total project cost was some £1.7 million, with the other half of the funds raised by private investors including Man Group plc, Morgan Stanley, Lehman Brothers, Deutsche Bank, Goldman Sachs and HSBC Private Bank.

## Sportsmatch

Notts County Football in the Community scheme has set up a programme to offer sport and coaching opportunities to young people in the care of Nottingham City Council's Children's Services Department. The children, mostly aged 12 to 16, are among the most vulnerable in the city.

Through the Sportsmatch scheme, which matches government funding for smaller projects with commercial sponsorship to improve community sport, Sport England invested £34,603 in the programme. This figure matched the amount provided by a private investor - Capital One.

The aim of the scheme is to provide high quality physical activities and healthy lifestyle education to the target group, based on football. Each child receives 12.5 hours of coaching a week, learning the benefits of exercise and healthy eating, working towards coaching qualifications (FA and a Sports Leader Award) and improving their fitness and social skills.

Overall, during 2007/2008, Sportmatch awarded funds of £2.8 million to community sports projects. There were 270 approved applications for funding and sponsorship totalled £3.2 million.

## Children and Young People

### Sport for Children and Young People

Children and young people are the future of sport and play a key part in what Sport England does. We have continued to play an important role in delivering the Government's 'PE, School Sport and Club Links Strategy' (PESSCL) by increasing the quality and quantity of sports provision for children and young people within their communities and in sports clubs.

Sport England leads two of the strategy's work strands – Step into Sport and School Club Links.

- Step into Sport provides volunteering opportunities for young people. The percentage of 14 to 19 year olds actively engaged in sports volunteering has now increased to 17%, compared to just 9% in 2003/2004.
- School Club Links builds bridges between schools and sports clubs. The percentage of children and young people participating in club sport has increased to 29%, compared to 19% of school children in 2003/2004. Also schools now have on average links to seven local sports clubs - an increase from five in 2004/05.

Last year, the strategy evolved into the PE and Sport Strategy for Young People and Sport England's role increased. The Prime Minister announced additional funding and an increased offer. The aim is to now offer everyone aged from 5 to 16 up to five hours of sport each week. This will be made up of two hours of PE and sport within the school day and up to three hours of sport a week outside the school day. The age range also expanded to include 16 to 19 year olds, who will be offered up to three hours of sport a week.

Sport England also took on the leadership of the new Extending Activities programme. This will provide a range of attractive and sustainable opportunities and sporting activities for children and young people such as boxing, trampolining, skiing, fitness and archery.

In 2007/08 Sport England invested £8.3 million in children and young people. This will increase to over £23 million in 2008/09.



## Step into Sport

Sport England invested £4 million into the Step into Sport volunteering programme in 2007/08.

The most recent independent monitoring report for the year 2006/2007 shows that, in addition to increasing the percentage of older pupils actively engaged in sports volunteering to 17%, our investment has seen:

- Over 78,000 young people access sports leadership training.
- Almost 14,000 young people access sport specific training provided by NGBs.
- 3,400 volunteer co-ordinators established in sports clubs by NGBs.
- Over 6,600 young people attend community volunteering conferences delivered by County Sports Partnerships. 55% of these young people have gone on to volunteer in high quality placements within the community.

Daymon Johnstone is a prime example of a young volunteer. He has been an England Squash Young Volunteer of the Month Winner and was also recognised for his achievements at the Cumbria Sports Awards. "I've been volunteering for at least two years and have enjoyed every minute of it," says Daymon. "When I have done my 200 hours I hope I can go on to help with disability sport."

## School Club Links

This programme encourages more children and young people to participate in club sport. By working through National Governing Bodies we have created closer working relationships between schools and sports clubs.

Sport England invested £4.3 million in School Club Links in 2007/08, and 29% of 5 to 16 year olds now participate in sport in a club. The initiative aims to increase the number of accredited clubs from 3,700 to 7,000 by 2010. The ambition is also to increase the percentage of children and young people participating in club sport to 35% by 2011.

Luton Town Hockey Club has successfully formalised links with two school sports partnerships through this programme. These links have:

- Supported the appointment of a Community Hockey Coach in Luton.
- Provided coaching in 17 different primary schools over the last six years.
- Inspired hockey festivals and a new summer hockey holiday camp.
- Helped students work towards Community Sports Leaders Awards and England Hockey Leadership Awards.
- Created a stronger player development pathway.

Ollie, a new seven-year old recruit to the sport, said: "I like hockey because it's fun and it makes me feel good and we learn skills and all the coaches are nice. And when I struggle my coach helps me."

## **Sporting Champions**

Sporting Champions arranges for top English sports stars to visit schools and local clubs to inspire children and young people to take up sport. For example, when Sue Smith, a member of the England women's football team, talked to young female football players in Bradford schools it had a dramatic impact.

"It was wicked," said Samaiya, one of the girls at Beckfoot School. "Sue Smith did some coaching and we saw Sue's England caps."

Sue's appearance caused a huge level of excitement amongst the pupils, which subsequently led to an increase in the number of girls joining football practice sessions.

Sue commented: "The girls were desperate for someone to be a catalyst for their participation in football, and I am proud to be part of that."

During 2007/08, there were over 500 inspirational visits to groups of children and young people across England.

## **Respect Athlete Mentoring Programme**

The Respect Athlete Mentoring Programme (RAMP) engages with young people who are at risk of becoming involved in anti-social behaviour.

As part of the programme, Paralympic silver medallist Fiona Neale was assigned to work with Becky, a 15 year old who was referred by the local Looked After Children Education Service. Becky demonstrated challenging behavioural problems as well as problems with alcohol and drugs.

Fiona's mentoring of Becky not only helped her reduce those problems, but also introduced her to positive activities such as regular netball training, advice on education and general support. These helped Becky make the transition into a self-sufficient life. Sport England awarded £333,000 into RAMP in 2007/08 and the scheme supported over 300 young people, of whom:

- 22% improved their school attendance
- 15% joined a sports club
- 21% took up a sport

## Creating a lasting Olympic legacy

We believe that the London 2012 Olympic and Paralympic Games will showcase the power of sport as a force for good that will change people's attitudes and expectations towards sport. We will use the inspiration of the Olympics to deliver the outcomes targeted by our new strategy of Grow, Sustain and Excel and help to ensure 1 million people are doing more sport by 2012.

### Sport England's Olympic aims

Sport England is playing a key role in three areas:

1. Getting more people active: helping one million more people in England play more sport by 2012.
2. Offering more sporting opportunities for young people: we want to offer all 5 to 16 year olds in England the chance to take part in five hours of sport a week, and all 16 to 19 year olds three hours of sport a week by 2012.
3. Building Olympic venues: investing Lottery money into venues and working to ensure their legacy capability.

#### 1. Getting more people active

Sport England is developing programmes to increase participation in sport by a million people over the next five years. This commitment is at the heart of the Government's overall ambition to get two million people more active by 2012.

We are intending to attract new participants to sport by:

- Working with NGBs to deliver 500,000 additional participants through sport-specific initiatives along the lines of successful projects such as Everyday Cycling and Go Play Rugby.
- Increasing the participant base by 200,000 people by improving people's experience of sport through our investment in coaching, clubs and facilities.
- Improving the appetite for sport among students by partnering with the Further Education and Higher Education sectors. The aim is to deliver a further 300,000 participants in this way.
- Delivering an additional 250,000 participants through partnerships with the voluntary, private and public sectors to focus on groups that are harder to reach.

## **2. Offering more sporting opportunities for young people**

Ensuring a sporting legacy for children and young people was one of the key reasons why London won the honour of staging the London 2012 Olympic and Paralympic Games. The earlier section on Children and Young People sets out how we are increasing community sporting opportunities for 5 to 19 year olds. The aim is to offer all 5 to 16 year olds five hours of sport each week (including two hours of physical education and sport within the school day) and 16 to 19 year olds three hours of sport a week.

## **3. Building Olympic venues**

Sport England aims to help develop world-class sporting facilities for the London 2012 Olympic and Paralympic Games that will create a lasting sporting legacy. We are making awards of £39 million to the Aquatics Centre and £10.5 million to the Velopark. We also hope to help fund the White Water Canoe Centre in Broxbourne. We have continued to work with the London Organising Committee of the Olympic Games and the Olympic Delivery Authority (ODA) to identify over 40 training venues for visiting athletes. In addition, the Department for Culture, Media and Sport and the ODA have asked Sport England to identify which sporting venues and assets can be re-used after the Olympics to promote sports participation at grassroots and elite levels.

## **The 2012 Games take to the road**

During the summer of 2007, the London 2012 Olympic and Paralympic Games partnered with the Department of Culture, Media and Sport, Sport England and the National Lottery to run 26 roadshows around the UK. The idea was to promote the aims of the London 2012 Olympic and Paralympic Games and to inspire people to take part in sport. Sport England was responsible for running sporting taster and demo sessions at the 18 roadshows (two in each of the nine English regions).

The theme of the roadshows was Join In, and the goal was to get as many people as possible to participate in the sporting activities on offer. Activities were designed for all ages and abilities, and included rowing, canoeing and boxing as well as sports such as mountain boarding, surfing and stunt biking.

Over the course of three months Sport England ran over 200 taster and demo sessions and encouraged 50,000 people to join in. Sport England provided the roadshows with Sporting Champions such as Leon Taylor and Dame Tanni Grey Thompson to motivate the visitors.

## Regional Work and Investment

We believe that regional and local intelligence is essential if we are to make the right investment decisions. This is why we work closely with networks of regional partners, including local authorities, strategic health authorities, regional development agencies, higher and further education, and County Sports Partnerships.

We combine their knowledge of local needs with our understanding and expertise in community sport to invest Lottery funding into projects, facilities, coaches and clubs that encourage people to play more sport.

### Fast-track for East Midlands speed skating

Sport England is supporting the National Ice Skating Association to help more young people take up the sport and to develop a robust player pathway for short track speed skating within the East Midlands.

The aim is to encourage more skaters into speed skating through club-based activity, to provide more opportunities for skaters to develop and excel, and to identify more young people who have the potential to take up the sport. Our investment will go towards one full and one part time coach, who will ensure people have access to quality coaching at affordable prices.

The project is already bearing fruit. The GB Short Track Team have had a record-breaking season: they won three medals at the European championships, one medal at the World Championships, and Jon Eley became the first Briton to win a World Cup competition.

Meanwhile, the part-time coach has taken on a full-time role, and is working in partnership with the National Ice Centre to raise the profile of short track speed skating.

Other plans include special days to introduce under 10s to the sport, and talent spotting during public skating sessions, to take advantage of the sport's increased profile following the Dancing on Ice television programme.

### Boost for rugby in Yorkshire

Over the past two years, Rugby League has experienced a 27% increase in participation. However, the sport suffers from high drop-out rates in specific areas, including:

- A 95% drop off at age 11, and a 98% drop off for girls;
- A 95% drop off (from the baseline of children who started playing rugby league at primary school) at 16 when young people leave secondary school;

- A further drop off around the age of 35 when many people stop playing contact sports.

This year, Sport England has invested in an exciting pilot project to support coaching and volunteering opportunities, and increase participation in the sport.

Four full time officers will deliver a programme of Rugby League derivatives - TAG, Touch and Masters - across Yorkshire and Humber, creating the first formal league and competition structure for TAG, Touch and Masters in England. The new officers will work in partnership with the region's 16 professional rugby league clubs, 48 Clubmark community clubs and the network of school sports partnerships.

The project is likely to be replicated in other areas of the country as part of the Rugby Football League's national strategy. This is a great example of how Sport England works innovatively with NGBs on a regional basis.

### **South Staffordshire sails ahead**

The South Staffordshire Sailing Club received an award to create a new clubhouse with modern teaching facilities.

The new building was opened in May 2007, and has enabled the club to open up the sport of sailing to more people in the local community. The award has provided better training facilities for coaches, improved access to sailing for people with disabilities and better sporting facilities for all visitors.

Martin Evans, Commodore of The South Staffordshire Sailing Club, commented: "Fifty years ago the club started from very humble beginnings; this magnificent new club house moves the club into a new era."

For half a century, the club has provided dinghy sailing and race training to people in South Staffordshire, and has built up an excellent reputation. The Royal Yachting Association chose the club as one of five finalists for the 'Club of the Year' Award 2008.

The club works with all types of groups and abilities, including special schools, pupil referral units, mainstream schools and day care centres, to offer opportunities to learn how to sail. It is an important centre for coach training, and the new clubhouse will enable it to offer even better facilities for people with disabilities.

### **Extreme sports give Cornwall an edge**

CREST – Coastal and Rural Extreme Sports Taskforce – is a truly ground-breaking project. It aims to create opportunities in extreme sport in the natural environment so that regular sporting activity becomes part of everyday life, particularly for young

people. The initiative has set up academies featuring activities such as surfing, climbing, surf kayaking, canoeing, mountain boarding, skateboarding, mountain biking, orienteering, coasteering and abseiling.

North Cornwall District Council launched the project two years ago, when it received an Active England award (The Active England programme is jointly funded by Sport England and the Big Lottery Fund.) This award has enabled the project to appoint a Coastal Recreation Officer who co-ordinates a programme of activities including coaching, free sessions, local competitions and pathways to performance.

CREST follows Long Term Athletic Development principles and caters for all levels, providing courses for everyone from beginners to professionals. Since its launch, the project has attracted over 7,000 participants, specifically targeting young people.

One of the innovative aspects of CREST involves using commercial providers to deliver a number of the activities, including the surf academy that is being delivered by Harlyn Bay Surf School.

"It is much more effective to invest in local companies to deliver some of the project," says Paul Meadows, the council's Coastal Recreation Officer.

### **North West netball bounces back**

A 'Back to Netball' pilot scheme started up in a leisure centre in Wirral in January 2006. It aimed to encourage women to play netball, with the emphasis on fun, flexible and friendly sessions. The initiative proved extremely popular, attracting women to the sport who had not played since schooldays, and the numbers of people attending quickly grew.

As a result of this success, the scheme was rolled out throughout the region into each local authority area of the North West. Sessions currently take place at a variety of centres in addition to Wirral, including Wigan, Tameside and Bury.

Sport England invested in the programme to support the employment of a 'Back to Netball Co-ordinator' who would run a programme of weekly coaching and 'have a go' sessions across the region. Sport England and the NGB had identified a strong market for netball, and the project is helping to address the challenge in the region of only 18.5% of the adult female population taking part in the recommended minimum 3 x 30 minutes of activity a week. The co-ordinator links with local leagues and teams, designs and runs fitness and skills development programmes, and organises training in coaching and umpiring.

Over three years, 'Back to Netball' hopes to attract a further 2,460 female participants to the sport, along with 41 extra paid part-time coaches and 200 regular volunteers. Another goal is that 159 additional sports qualifications will be awarded as a result of the programme.

## **An Olympic-size pool for Sunderland**

Sunderland Aquatic Centre features the first 50 metre pool to be built in the North East - the only one between Leeds and Edinburgh.

Sport England has awarded £4.7 million to the cost of the centre, which provides first class facilities for the local community while supporting the world class aspirations of the region's top swimmers.

The new centre has a ten lane 50 metre main pool, 25 metre diving pool and seating for 500 spectators, along with a state-of-the art wellness facility. The pool has multiple functions, and can be divided into four separate pools to cater simultaneously for everything from Aqua Fit and family fun with inflatables to budding Olympians.

The Aquatic Centre will be one of the most accessible swimming pools in the country, trailblazing the latest disabled accessibility features and thereby allowing everyone to take advantage of the superb facilities. It will also be the most environmentally friendly pool in the country, filtering and recycling rainwater for reuse in the pool.

The centre will provide a focal point for all aspects of swimming, working with British Swimming to realise the region's full potential while providing a home for swimming coaches, volunteers and participants.

## **Eco-friendly sport in London**

Building work on a new eco-friendly sport and community centre in London's Paddington area started in February 2008, with Sport England having invested £320,000 of Lottery funding into the innovative complex.

The new Crompton Street Sports Centre will provide a four-court sports hall, a multi-purpose dance studio and a 30-station fitness suite. There will also be a video suite to capture and analyse people's movement, a fully IT-equipped classroom, video suites and a mini-satellite library.

The new facility, which replaces a dilapidated 30 year old building, addresses the needs of the whole community, including the disabled, ethnic minorities, low income groups, young people, women, girls and the over 45s.

The new centre also delivers a sports and physical programme to increase sport participation. This complements the London Plan for Physical Activity, and will be delivered in partnership with local schools, Primary Care Trusts, the Metropolitan Police and local voluntary groups including neighbourhood management teams and ethnic minority groups. The programme will address issues surrounding participation by gender, ethnicity, disability and low-income groups. This process



will ensure that access, opening times and charging policies are adapted to suit the various different groups that will use the centre.

### **Extending gymnastics in Ipswich**

Gymnastics in Ipswich is a major success story. It has one of the highest retention rates of all gym clubs in the country and, since September 2005, the club has visited over 100 schools and introduced almost 40,000 children to gymnastics.

The gymnasium received a Lottery award in 1999, but by 2003, it was clear that demand was exceeding supply. The facility was catering for over 2,000 participants a week and there was pressure between the needs of elite performers and those of recreational visitors.

The club submitted an application to Sport England as part of the Active England programme, and won funding to build an extension to the existing facility.

The new extension has enabled a multi-sport environment which caters for a wider programme of sports and activities, including dance, netball, tennis, roller skating, trampolining and cycling. There are now two gymnastic halls, a revamped dance studio, and a floodlit hard court area. Ipswich Town FC also uses the new extension.

Thanks to the new extension:

- There has been an overall increase in participation in gymnastics, with around 2,500 users accessing the centre each week.
- The number of coaches at the centre has doubled to 40.
- Over 70 elite gymnasts use the centre.

### **Horsham brings cricket to state schools**

Horsham Area Community Cricket Project has received an award of £62,500 over a three year period from Sport England to set up a cricket project in their local district.

The project was set up by Horsham District Council and works in partnership with Sussex County Cricket Club, six local clubs and the local league who have also invested money into the partnership.

It targets schools, clubs and the local community to give young people aged 6 to 16 the opportunity to take part in cricket and give them pathways into the local league clubs. The main aims include increasing the numbers of Girls Only cricket, disabled participation, U16 and Club accreditations, and developing more qualified coaches within the sport.

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The project works with 14 primary schools and two secondary schools, and offers each school 40 hours of coaching. A full-time officer coaches and oversees the running of the scheme, and 20 volunteers help to ensure that the project is sustainable.

Over 100 disabled participants have been given the opportunity to try a cricket session, and the project is looking at ways to increase pathways for disabled cricketers to play in clubs.

## Financial and Performance Review

### Funding Agreement for 2005/06 to 2007/08

For the financial year 2007/08 the funding agreement set out DCMS' commitment to fund Sport England through Grant in Aid. It required Sport England to contribute to the delivery of DCMS' objectives.

The agreement stated that in 2007/08 Sport England would:

- Deliver its strategy and the government's target to increase participation
- Develop and implement a delivery system using County sports Partnerships and Community Sports Networks
- Deliver successfully in support of the government's targets for sport and PE for school children and young people
- Support the development of participation and talent through the National Governing Bodies of Sport
- Work with government departments to champion the importance of sport for public policy outcomes
- Ensure the 2012 Olympic and Paralympic Games help to increase grassroots participation
- Deliver its contribution to the Government's Sports Facility Strategy.

A new Funding Agreement for 2008/09 to 2010/11 is being agreed with DCMS.

### Financial Performance

Sport England prepares two sets of statutory accounts, for its grant in aid funded activities and for its Lottery funded activities. The two sets of accounts are prepared on different accounting bases. Principal differences are as follows:

The Grant in Aid accounts are prepared on the basis of the normal concept of accruals accounting. Awards are recorded as expenditure in the period to which they refer. The Lottery accounts are prepared on the basis of expenditure commitments and recognise firm offers of awards to applicants made during the year, regardless of the period or periods to which the awards relate.

The Grant in Aid accounts are required to show Grant in Aid as financing rather than as income for the period. The Lottery accounts show as income Sport England's share of the income of the National Lottery Distribution Fund.

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In 2007/08 Grant in aid increased by some £12m. The principal difference in Grant in Aid funded awards from 2006/07 to 2007/08 is the increase in awards made by the National Sports Foundation. Staff and other operating costs have remained broadly consistent between the two years.

Lottery income in 2007/08 remained at the same level as in 2006/07. Lottery award commitments reduced as a result of lower than expected Community Investment Fund awards. The increase in Lottery operating costs arose partly from a reanalysis of costs between the Grant in Aid and Lottery accounts and will be addressed as part of Sport England's commitment to generate £20m of savings on operating costs over the next three years.

### Organisational Health

Sport England's 2005/06 to 2007/08 Delivery Plan contains a number of organisational health targets. The following table shows our performance against 2007/08 Funding Agreement targets.

Organisational health target	2007/08 funding agreement target	2007/08 actual results	Targets achieved
Sport England operating costs as a percentage of revenues	Lottery: 10%	Lottery: 13.7%	No
	Exchequer: 20%	Exchequer: 17.0%	Yes
Decision time for receipt of grant application to decision	90% within 8 weeks	95%	Yes
Investment of resources into sport	£2 for every £1 invested	£2.84	Yes

Sport England did not conduct either a customer satisfaction or a colleague satisfaction survey in 2007/08. Customer and colleague satisfaction remain critically important measures of Sport England's effectiveness and organisational health. Given the timing of a change in strategic focus the Executive Team and the Main Board have agreed that the next customer satisfaction and colleague satisfaction survey will take place in 2008/09.

Operating costs cover all the wider activities of Sport England as well as its own operating costs. They include statutory and non statutory work on planning, technical advice on sports facilities, regional and national advocacy for sport, research and the administration of awards. Sport England is determined constantly improve both its efficiency and its effectiveness and has committed to produce savings in its operating costs of a total of £20m over the next three years.

## **Lottery commitments and balances held at the National Lottery Distribution Fund**

At 31<sup>st</sup> March 2008 Sport England's balance at the National Lottery Fund was £202m, consistent with the balance at the prior year end. All of this balance had been committed as awards. Hard and soft Lottery commitments totalled £245m.

As recommended by the NAO in their 2004 report "Managing Lottery Distribution Fund Balances", the Board of Sport England sets the policy by which the organisation may make Lottery commitments above the level of the funds currently held on its behalf in the National Lottery Distribution Fund. Prior to the implementation of the new strategy, the Sport England Board has reviewed the policy and has determined that Sport England will make such commitments up to the value of two years' future income, provided that its forecasts of cash flow demonstrate that its balance at the National Lottery Distribution Fund will not fall below £50m.

## **Lottery funding and additionality**

Lottery funding is distinct from Government funding. Although it does not substitute for Exchequer expenditure, where appropriate it complements Government and other programmes, policies and funding.

All Lottery distributors are required to report on their policy and practice.

Considerations of additionality are a key part of our programme development process. We work closely with leading organisations and experts in the relevant sectors to ensure that our funding programmes add value to government and other funding, but are also complementary. In some circumstances grants officers assessing an application may have to judge whether a project is 'additional'. Clear guidance has been developed to ensure that Lottery funding will not subsidise or replace statutory funding for a service and will not duplicate statutory responsibilities. We work hard to ensure that this is applied consistently and fairly. All awards made in 2007/08 have been consistent with this definition.

## **Corporate Responsibility and Sustainable Development**

Sport England is committed to supporting and promoting sustainable development in all aspects of its work. We have continued to play a role in the DCMS Sustainable Development Forum, and participated in the DCMS Family Climate Change conference in January.

Sport England actively promotes environmental objectives and has strengthened environmental advice in its published design guidance. During the year, Sport England published a technical Design Guidance Note on Environmental Sustainability for use by sports facilities project teams.

## Reform

In December 2007 the Secretary of State for Culture, Media and Sport asked Sport England to develop a new strategy for community sport in England. On 10<sup>th</sup> June 2008 the Secretary of State launched Sport England's outline strategy to focus resources on building the foundations of sporting success through the creation of a world leading community sports system. The system will ensure:

- a substantial – and growing – number of people from across the community play sport;
- talented people from all backgrounds are identified early, nurtured and have the opportunity to progress to the elite level; and
- everyone who plays sport has a quality experience and is able to fulfil their potential.

Sport England's approach to delivery is to operate at a strategic level, working with and through national governing bodies, and drawing in other partners including local authorities. Sport England will have a strong national team and regional teams with a tighter focus. Sport England will work with a network of county sport partnerships who will deliver specific outcomes.

## Performance management and requests for information

Sport England actively manages its performance, and fulfils its responsibilities to DCMS to provide performance information on a quarterly basis.

As a public body, Sport England receives numerous requests for information, including Parliamentary questions and Freedom of Information requests.

From 1 April 2007 to 31 March 2008 Sport England received 138 requests to contribute to responses to Parliamentary Questions. 135 of these requests were completed on time.

From 1 April 2007 to 31 March 2008 Sport England received 25 requests for information under the Freedom of Information Act. All of these requests were dealt with within the response time permitted.

## History and Background of the English Sports Council

1. The English Sports Council (operating as Sport England) was established on 19 September 1996 by Royal Charter. Its objectives are set out in the annual report.
2. Under the provisions of the National Lottery etc. Act 1993 (as amended), the Sports Council was licensed as the Distributing Body for the lottery funds allocated for expenditure on or in connection with sport in England.
3. The English Sports Council Group consolidated accounts have been prepared, in accordance with Article 14 of the Royal Charter of the English Sports Council and directions made thereunder by the Secretary of State for Culture, Media and Sport on 29 April 2002. A copy of that direction may be obtained from the Chief Executive of the English Sports Council at 3<sup>rd</sup> Floor Victoria House, Bloomsbury Square, London WC1B 4SE.
4. The English Sports Council National Lottery Distribution Accounts have been prepared, in accordance with directions issued by the DCMS on 29 April 2002 and in compliance with the provisions of sections 34 and 35 of the National Lottery etc. Act 1993 (as amended), to report on the activities and results of the Sport England Lottery Fund. A copy of that direction may be obtained from the Chief Executive of the English Sports Council at 3<sup>rd</sup> Floor Victoria House, Bloomsbury Square, London WC1B 4SE.
5. The Council is required to have its accounts audited by a body approved by the Secretary of State. The Comptroller and Auditor General has been appointed to audit the accounts. The audit fee is £47,500 for the audit of the financial statements only. The National Lottery Act etc. 1993 (as amended) also requires the English Sports Council National Lottery Distribution accounts to be audited by the Comptroller and Auditor General. The audit fee for the year is £47,500 for the audit of the Lottery financial statements only.

## Funding agreement with the Department for Culture, Media and Sport

6. The English Sports Council has a Funding Agreement with the Department for Culture, Media and Sport under which key performance targets are set for the Council. Information relating to these Performance Targets and the Council's achievement against them may be found in the Annual Report.

## Employee Policy

7. Sport England is committed to developing positive policies to promote equal employment opportunities and ensures staff are not discriminated against on the grounds of gender, disability, race, sexual orientation, religious belief or age. Employees are involved in decisions which affect their welfare."

### Prompt payment policy

8. The English Sports Council seeks to abide by the Better Payment Practice Code and in particular to pay bills in accordance with contracts and suppliers terms. Any complaints about failure to pay on time are dealt with expeditiously. In 2007-2008 the average period for the payment of invoices was 27.1 days (2006-2007: 27.9 days).

### The Euro

9. Very few transactions have occurred in Euros. The cost of ensuring compliance has not been material.

### Organisational structure of the English Sports Council

10. The Chairman and Council Members of the English Sports Council are appointed by the Secretary of State for Culture, Media and Sport.
11. The Council members have corporate responsibility for ensuring that the English Sports Council fulfils the aims and objectives set out in its Royal Charter or by the Secretary of State.

12. The Board members of the English Sports Council during the period under review were:

CHAIR	Derek Mapp (to December 2007) Michael Farrar (Interim from December 2007)
VICE-CHAIR	Ged Roddy
MEMBERS	Jill Ainscough (appointed April 2007) Karren Brady Michael Farrar Sir Andrew Foster Ashia Hanson Phil Lemanski (appointed April 2007) Ged Roddy Dr Jack Rowell OBE Mich Stevenson (appointed April 2007) James Stewart (appointed April 2007) Martin Thomas (appointed April 2007) Andy Worthington

13. The Council has the following sub-Committees, which in 2007/08 included:
  - Audit, Risk and Governance
  - Project Committee (to appraise investments)
  - Remuneration (this Committee did not meet in 2007/08)
  - Regional Sport Boards



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14. The Chief Executive is designated as the Council's Accounting Officer. As such she is personally responsible for safeguarding the public funds for which she has charge, for propriety and regularity in the handling of those funds and for the day-to-day operations and management of the Council.
15. The Chief Executive manages the day-to-day affairs of the Council through executive directors to whom she has delegated specific functional roles and powers. These executive directors are shown in the remuneration report on page 40.

### Board and Committee Members interests

16. Sport England maintains a register of the interests of its Board and Committee Members. Subject to the agreement of individual members this register may be viewed, by appointment, at the Sport England's offices at 3<sup>rd</sup> Floor, Victoria House, Bloomsbury Square, London WC1B 4SE.

### Corporate Governance

17. In line with the guidance issued by HM Treasury, separate statements on Internal Control have been prepared for both the English Sports Council Group and the English Sports Council National Lottery Distribution Fund and appear on page 47 and page 80 respectively.
18. The Council is a single legal entity with indivisible functions, powers and liabilities including safety and environment issues. The Council has responsibility for monitoring performance against budgets and corporate plans, statutory accounts and other related matters.
19. The Council has an Executive Management Team comprising the Chief Executive and Directors charged with day-to-day management, ensuring that operational and financial controls are operating effectively, monitoring progress against operational plans, budgets and targets and other major issues affecting the Council's activities.

Jennie Price  
Chief Executive and Accounting  
Officer of Sport England

8 July 2008

Michael Farrar  
Interim Chair of the English Sports  
Council

8 July 2008

## Remuneration Report

### Remuneration Policy

The Board of the Council has appointed a Remuneration Committee with responsibility for the remuneration of senior executive members of the staff of the Council in accordance with the Council's agreed pay structure.

In setting its Remuneration Policy the Council has regard to the following:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to the Council as set out in the three-year funding agreement with the Department for Culture Media and Sport;
- the requirement for the Council to meet its agreed efficiency delivery programme; and
- the evidence it receives about wider economic considerations and the affordability of its recommendations.

### Service Contracts

All appointments including Senior Executive members of the Council are made in accordance with the Council's stated Recruitment and Selection Policy. The Policy is based upon the Council's commitment to recruit and retain individuals with the required skills and experience. The Council's recruitment and selection process ensures practices are compliant with legislation, are based on merit and are fair and transparent.

Unless otherwise stated below, the Senior Executive members of the Council covered by this report hold appointments, which are open-ended until they reach the normal retiring age. Early termination would result in the individual receiving payments as set out in the Organisational Change Policy. This Policy is not applicable to non-executive Board members.

### Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Senior Executive members and non-Executive members of the Council.

Board Members salary includes allowances of £209 for attendance at a Board meeting (2006-07: £208).

## SPORT ENGLAND ANNUAL REPORT 2007-2008

## Remuneration (subject to audit)

	2007-08		2006-07	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Derek Mapp <i>Chairman from Oct 2006 to Dec 2007</i>	20 – 25	-	15 – 20	-
Lord Carter of Coles <i>Chairman to Sep 2006</i>	-	-	15 – 20	-
Ged Roddy <i>Vice Chair until May 2008</i> <i>Board Member from Feb 2007 to Jan 2009</i> <i>RSB Chair from Dec 2005 to Dec 2008</i>	20 – 25	-	10 – 15	-
Michael Farrar <i>Interim Chair from Dec 2007</i> <i>Board member from Mar 2005 to Mar 2009</i>	-	-	-	-
Jill Ainscough <i>Board Member from Apr 2007 to Apr 2010</i>	0 – 5	-	-	-
Karren Brady <i>Board Member from Mar 2005 to Mar 2009</i>	0 – 5	-	-	-
Sir Andrew Foster <i>Board Member from Jul 2006 to Jul 2009</i> <i>Chair of Audit Committee</i>	0 – 5	-	-	-
Ashia Hansen <i>Board Member from Jan 2006 to Dec 2008</i>	0 – 5	-	-	-
Phil Lemanski <i>Board Member from Apr 2007 to Apr 2010</i>	0 – 5	-	-	-
Dr Jack Rowell OBE <i>Board Member from Jan 2006 to Dec 2008</i>	0 – 5	-	-	-
Mich Stevenson <i>Board Member from Apr 2007 to Apr 2010</i>	0 – 5	-	-	-
James Stewart <i>Board Member from Apr 2007 to Apr 2010</i>	-	-	-	-
Martin Thomas <i>Board Member from Apr 2007 to Apr 2010</i>	0 – 5	-	-	-
Andy Worthington <i>Board Member from Feb 2007 to May 2008</i> <i>RSB Chair from Jun 2006 to Jun 2009</i>	10 – 15	-	10 – 15	-

## SPORT ENGLAND ANNUAL REPORT 2007-2008

	2007-08		2006-07	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Philip Lewis <i>Board Member from Jul 2005 to Apr 2006</i> <i>RSB Chair from Apr 2004 to Sep 2007</i>	5 – 10	-	10 – 15	-
John Brewer <i>RSB Chair from Oct 2007 to Oct 2010</i>	0 – 5	-	-	-
Stephen Castle <i>RSB Chair from Aug 2005 to Sep 2008</i>	5 – 10	-	10 - 15	-
Len Jackson <i>RSB Chair from Dec 2005 to Dec 2008</i> <i>Board Member May 2006 to Jan 2007</i>	10 – 15	-	10 – 15	-
Mary McAnally <i>RSB Chair from Dec 2005 to Dec 2008</i> <i>Board Member to Apr 2006</i>	10 – 15	-	10 – 15	-
Paul Millman <i>RSB Chair from Jan 2008 to May 2008</i> <i>(interim for Mary McAnally)</i>	-	-	-	-
Rauf Mirza <i>RSB Chair from Jun 2006 to Jun 2009</i>	10 – 15	-	5 – 10	-
Peter Price <i>RSB Chair from Dec 2005 to Dec 2008</i> <i>Board Member May 2006 to Jan 2007</i>	10 – 15	-	10 – 15	-
Peter Rowley <i>RSB Chair from Nov 2007 to Nov 2010</i>	0 – 5	-	-	-
Tim Cattle-Jones <i>RSB Chair from Jan 2003 to Dec 2007</i>	5 – 10	-	10 – 15	-
Jennie Price <i>Chief Executive from Apr 2007</i>	155 – 160	-	-	-
Stephen Baddeley <i>Acting Chief Executive from Apr 2006 to Mar 2007</i> <i>Director of National Sport from Apr 2007 to Apr 2008</i>	95 – 100	-	150 – 155	-
Tim Garfield * <i>Acting Director of Policy and Performance from Apr 2006 to Dec 2006</i> <i>Acting Director of Regional Sport from Jan 2007 to Jul 2007</i>	25 – 30	-	95 – 100	-

**SPORT ENGLAND ANNUAL REPORT 2007-2008**

	2007-08		2006-07	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Thomas Godfrey <i>Commercial Director from Oct 2007</i>	45 – 50	-	-	-
Joanna Robinson ** <i>Director of Regional Sport</i>	75 – 80	-	75 – 80	-
Mihir Warty <i>Director of Policy and Performance from Aug 2006</i>	90 – 95	-	65 – 70	-
Alistair Cook <i>Director of Corporate Services from Oct 2006 to Jan 2008</i>	80 – 85	-	55 – 60	-
Green Park Interim & Executive Limited <i>Interim Director of Corporate Services from Dec 2007</i>	60 – 65	-	-	-
IPG Operations Management Limited <i>Interim Director of Property from Aug 2007</i>	85 – 90	-	-	-
David Gent <i>Acting Director of National Sport from Nov 2006 to Mar 2007</i>	-	-	35 – 40	-
Clive Heaphy <i>Director of Corporate Services to Jul 2006</i>	-	-	30 – 35	-

\* Salary relates to the period of time in the capacity of Acting Director of Regional Sport only

\*\* During maternity leave the role of Director of Regional Sport was covered by Sean Holt, Judith Rasmussen, David Gent and Tim Garfield

## **Salary**

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. During 2007-08 the CEO and one senior executive were eligible for to a bonus of up to 20% of their annual salary. Any bonus would be based on performance against objectives, agreed with the Chairman of the Sport England Board in the case of the CEO and line managers in the case of the senior executive. No bonuses were paid in 2007-08.

This report is based on payments made by the Council and thus recorded in these accounts.

## **Benefits in kind**

There are no benefits in kind.

## SPORT ENGLAND ANNUAL REPORT 2007-2008

## Pension Benefits - London Pension Funds Authority (subject to audit)

	Accrued pension at age 65 as at 31/3/08	Real increase in pension at age 65	CETV at 31/3/08	CETV at 31/3/07	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Stephen Baddeley <i>Acting Chief Executive from Apr 2006 to Mar 2007</i> <i>Director of National Sport from Apr 2007 to Apr 2008</i>	5 – 10	(2.5) – 0	75	81	(15)
Tim Garfield <i>Acting Director of Policy and Performance from Apr 2006 to Dec 2006</i> <i>Acting Director of Regional Sport from Jan 2007 to Jul 2007</i>	25 - 30	(5) – (2.5)	399	412	(33)
Joanna Robinson <i>Director of Regional Sport</i>	0 – 5	0 – 2.5	42	28	8

## Partnership Pension Accounts (subject to audit)

	Provider	Employer Contributions for the Year 2007-08	CETV at 31/3/08
		£'000	£'000
Jennie Price <i>Chief Executive from Apr 2007</i>	Standard Life	13	255
Alistair Cook <i>Director of Corporate Services from Oct 2006 to Jan 2008</i>	Scottish Equitable Group Stakeholder Pension Scheme	9	22
Mihir Warty <i>Director of Policy and Performance from Aug 2006</i>	Scottish Equitable Group Stakeholder Pension Scheme	10	25
Thomas Godfrey <i>Commercial Director from Oct 2007</i>	Scottish Equitable Group Stakeholder Pension Scheme	5	7

## Pensions

Pension benefits are provided through the London Pension Fund Authority Superannuation Scheme (LPFA) and Scottish Equitable Group Stakeholder Pension Scheme (GSPS). The LPFA scheme was closed to new members from 1 October 2005.

**LPFA:** Employee contributions are set at the rate of 6.0% of pensionable earnings. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. There is no automatic lump sum payable on retirement (but members may give up (commute) some of their pension to provide a lump sum). The English Sports Council is one of a large number of employers whose staff participate in the scheme.

**GSPS:** Sport England operates a GSPS with Scottish Equitable. Colleagues choose the level of contribution into the personal Stakeholder Pension fund. The levels of contributions are:

- Colleague contribution 3%, Sport England contributes 3%
- Colleague contributes 4%, Sport England contributes 5%
- Colleague contributes 5%, Sport England contributes 8%
- Colleague contributes 6.5%, Sport England contributes 11%

**Standard Life:** Sport England contributes 10% of the annual basic salary

## Cash Equivalent Transfer Values (London Pension Funds Authority and Partnership Pension Accounts)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the LPFA pension scheme and for which a transfer payment commensurate with the additional pension liabilities assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### **Real increase in CETV (London Pension Funds Authority)**

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Jennie Price  
Chief Executive and Accounting  
Officer of Sport England  
8 July 2008

Michael Farrar  
Interim Chair of the English  
Sports Council  
8 July 2008



**STATEMENT OF THE COUNCIL'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES**

1. The Council's Royal Charter requires the Council to prepare a statement of accounts for each financial period in the form and on the basis determined by the Secretary of State for Culture, Media and Sport, with the consent of the Treasury. The accounts are prepared on an accruals basis to show a true and fair view of the Council and Group's state of affairs at the period end, and of its income and expenditure and cash flows for the financial period.
2. In preparing the accounts the Council is required to:
  - observe the accounts direction issued by the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
  - prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Council will continue in operation.
3. The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of the English Sports Council as the Accounting Officer for the Council. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in *Managing Public Money*, issued by HM Treasury.
4. The Accounting Officer of the English Sports Council is responsible for preparing financial statements that give a true and fair view, and for making available to the auditors all relevant information for their purposes. So far as the Accounting Officer is aware there is no relevant audit information of which the English Sports Council's auditors are unaware. Further, the Accounting Officer has taken all the steps she ought to have taken to make herself aware of any relevant audit information and to establish that the English Sports Council's auditors are aware of that information.

Jennie Price  
Chief Executive and Accounting  
Officer of Sport England  
8 July 2008

Michael Farrar  
Interim Chair of the English  
Sports Council  
8 July 2008

## **STATEMENT ON INTERNAL CONTROL**

### **1. Scope of responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Sport England's aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me in HM Treasury's "Managing Public Money" and for ensuring compliance with the requirements of Sport England's Management Statement, Policy Directions, Financial Directions and Statement of Financial Requirements.

The Board of Sport England acknowledges its responsibility for the funds and assets of Sport England and for maintaining a sound system of internal control. It is advised by the Audit, Risk and Governance Committee.

### **2. The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuing process designed to identify and prioritise the risks to the achievement of Sport England's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Sport England for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts and accords with HM Treasury guidance.

### **3. Capacity to handle risk**

As Accounting Officer I am personally responsible for ensuring Sport England has an effective risk management process. We have a documented risk strategy that follows HM Treasury's guidance on risk policy and processes, defines what is meant by risk management and outlines the key principles underpinning our approach to the management of risk. Each strategic and significant operational risk is managed by a member of the Senior Management Team. All staff have intranet access to our risk management policies. In the last year we have improved the organisation's ability to identify and manage risk through a programme of workshops on the type of risk that the organisation is facing, the level of exposure and the effectiveness of internal controls to mitigate risk. We recognise the need to continue to develop our risk management processes, particularly during the implementation of Sport England's new strategy.

#### 4. The risk and control framework

During 2007-08 we continued to manage risk at both the strategic and the operational level. The Senior Management Team identified, assessed and recorded in a risk register the key strategic risks to the achievement of Sport England's aims and objectives. Each strategic and major operational risk was managed by an appropriate Director. The strategic risk register was reviewed by the Audit, Risk and Governance Committee was presented to the Main Board. Operational staff identified, assessed and managed the risks relevant to their activities. Improvements to the internal control environment have included:

- The development and implementation of improved regional operating controls
- The implementation of a self assurance process by which National Partners demonstrate their ability to manage public funds
- The completion of a programme of audits for a sample of National Governing Bodies and for all 49 County Sports Partnerships.

#### 5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by information and advice from the following sources:

- The Main Board – This comprises a Chair, a Vice Chair, two Regional Sports Board Chairs, the Chair of the Audit, Risk and Governance Committee and ten other members. All Board members are appointed by the Secretary of State for Culture Media and Sport. The Board met 12 times this year to consider Sport England's strategy and performance and to assess investment decisions.
- The Audit, Risk and Governance Committee – This comprises a Chair, three other Board members and an additional non-executive member who has been selected for expertise in this field. The Committee met five times this year with both Internal and External Auditors present, to receive and respond to reports, to consider and advise me on the appropriateness of our corporate governance, risk management and internal control arrangements and to review the external financial statements prior to submission to the Main Board.

**THE ENGLISH SPORTS COUNCIL AND ENGLISH SPORTS COUNCIL GROUP**  
Consolidated Accounts for the year ended 31 March 2008

- The Projects Committee – This comprises at least three Main Board members. It is chaired by the Chair or Deputy Chair of the Main Board. It is responsible for making funding decisions awards of up to £2m.
- Regional Sports Boards – These comprise a Chair and non executive members. They were responsible for the approval of awards up to £1m during the year.
- The Executive Group – I meet regularly with my Executive Group to manage operational issues, risks, plans and objectives.
- The Senior Management Team – I meet regularly with the Executive Group and Regional Directors to manage operational issues, risks, plans and objectives. Members of the Senior Management Team are required to give me documented assurances regarding compliance with their operational risk management and internal control responsibilities.
- Internal Audit – This department undertakes internal audits to Government Internal Audit Standards and provides regular reports and an overall annual opinion on risk management, control and governance in Sport England. For 2007/2008, Internal Audit reported that they are satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness of Sport England's risk management, control and governance processes. In their opinion, based upon the work they have undertaken, for the 12 months ended 31 March 2008 Sport England has had adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives other than in its management of grant funding and in some aspects of financial management. This is explained in more detail below.
- External Audit – The external auditors provide comments on internal control in their management letters and other reports.
- Specific risk reviews – These include Health and Safety audits and third party reviews of policies and processes.

The business has experienced substantial change in the year, arising from a strategy review and changes of personnel at Chair, Executive and senior levels. Despite these changes creating a high risk operating environment for Sport England, reasonable assurance has been gained that the control environment has operated effectively and has been strengthened where required. I recognise, however, that there are areas which require improvement. These have been identified and are being addressed.

6. Significant Internal Control Issues:

i. Grant Making Processes

Significant internal control issues around the grant making process require full disclosure and are described below. While these have been addressed, we recognise the inherent risk that some grant payments may not have been compliant with award requirements.

During the year we identified weaknesses in the system of internal control for grants management in regional offices. This weakness arose from a failure to evidence compliance with grants management procedures. On the advice of the Audit, Risk & Governance Committee we took the following action.

- We conducted internal audits of the management of grant payment in all regional offices.
- We commissioned an independent investigation in the region most at risk.
- We implemented a new and more rigorous set of operating controls across the regions.
- We introduced quarterly performance reporting on grants management to the Senior Management Team.
- We re-established risk management disciplines in the regional offices.

ii. Financial Control Issues

Significant financial control issues require full disclosure and are described below.

During the year we identified weaknesses in our financial management. The production and analysis of information was inadequate for part of the year. On the advice of the Audit, Risk & Governance Committee we have begun a programme to improve our financial systems and processes and to ensure that managers are fully accountable for the financial management of their activities. Significant improvements have been made in the last quarter and during the new financial year.

Jennie Price  
Chief Executive and Accounting  
Officer of Sport England  
8 July 2008

Michael Farrar  
Interim Chair of the English  
Sports Council  
8 July 2008

## THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE ENGLISH SPORTS COUNCIL

I have audited the financial statements of the English Sports Council Group for the year ended 31 March 2008 in accordance with the Royal Charter of the English Sports Council. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the English Sports Council, Chief Executive and Auditor**

The English Sports Council and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with Article 14 of the Royal Charter of the English Sports Council and directions made thereunder by the Secretary of State for Culture Media and Sport, with the consent of HM Treasury and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Council's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Article 14 of the Royal Charter of the English Sports Council and directions made thereunder. I report to you whether, in my opinion, the information which comprises the Financial and Performance Review and the History and Background of the English Sports Council, included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Council has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

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I reviewed whether the Statement on Internal Control reflects the Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises all sections of the Annual Report except for the Financial and Performance Review and History and Background of the English Sports Council. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

**Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Council and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

**THE ENGLISH SPORTS COUNCIL AND ENGLISH SPORTS COUNCIL GROUP**  
Consolidated Accounts for the year ended 31 March 2008

## Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with Article 14 of the Royal Charter of the English Sports Council and directions made thereunder by the Secretary of State for Culture Media and Sport, with the consent of HM Treasury, of the state of the Council's affairs as at 31 March 2008 and of its deficit, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Article 14 of the Royal Charter of the English Sports Council and directions made thereunder; and
- information which comprises the Financial and Performance Review and History and Background of the English Sports Council included within the Annual Report, is consistent with the financial statements.

### Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**T J Burr**  
**Comptroller and Auditor General**  
**10 July 2008**

NATIONAL AUDIT OFFICE  
151 Buckingham Palace Road  
Victoria  
LONDON SW1W 9SS



**THE ENGLISH SPORTS COUNCIL AND ENGLISH SPORTS COUNCIL GROUP**  
Consolidated Accounts for the year ended 31 March 2008

**GROUP & COUNCIL INCOME AND EXPENDITURE ACCOUNT**

	Note	GROUP		COUNCIL	
		2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
<b>CONTINUING OPERATIONS</b>					
<b>INCOME</b>					
Other Operating Income	2	1,595	3,485	1,016	1,698
Big Lottery Fund Income: Active England Programme	4.1	9,936	22,249	9,936	22,249
Lottery Grants Received and Released		1,757	2,318	-	-
		<b>13,288</b>	<b>28,052</b>	<b>10,952</b>	<b>23,947</b>
<b>EXPENDITURE</b>					
Staff Costs	3	7,367	6,991	7,367	6,991
Grants	4	87,211	77,499	87,211	77,499
Active England Programme Awards	4.1	9,936	22,249	9,936	22,249
Net National Centres Costs	5	5,251	7,938	5,251	7,938
Other Operating Costs	6	14,913	14,396	10,599	10,907
Notional Interest on Capital Employed		1,374	1,210	(320)	1,210
		<b>126,052</b>	<b>130,283</b>	<b>120,044</b>	<b>126,794</b>
<b>OPERATING DEFICIT</b>		<b>(112,764)</b>	<b>(102,231)</b>	<b>(109,092)</b>	<b>(102,847)</b>
<b>INVESTMENT INCOME</b>					
Dividends and Interest	7	654	447	635	428
<b>DEFICIT BEFORE TAXATION</b>		<b>(112,110)</b>	<b>(101,784)</b>	<b>(108,457)</b>	<b>(102,419)</b>
Taxation	8	(187)	(109)	(189)	(107)
<b>DEFICIT FOR THE YEAR AFTER TAXATION</b>		<b>(112,297)</b>	<b>(101,893)</b>	<b>(108,646)</b>	<b>(102,526)</b>
<b>NOTIONAL INTEREST WRITTEN BACK</b>		<b>1,374</b>	<b>1,210</b>	<b>(320)</b>	<b>1,210</b>
<b>DEFICIT FOR YEAR</b>	13	<b>(110,923)</b>	<b>(100,683)</b>	<b>(108,966)</b>	<b>(101,316)</b>

These notes have been produced on a going concern basis (refer notes 1.1 and 1.4)

The notes to the accounts on pages 57 to 78 form part of these accounts.

**THE ENGLISH SPORTS COUNCIL AND ENGLISH SPORTS COUNCIL GROUP**  
Consolidated Accounts for the year ended 31 March 2008

**GROUP & COUNCIL STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	Note	GROUP		COUNCIL	
		2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
(Deficit) for the year		<b>(110,923)</b>	(100,683)	<b>(108,966)</b>	(101,316)
Pension Fund Actuarial gains/(losses)		<b>2,657</b>	(4,586)	<b>2,657</b>	(4,586)
Unrealised surplus on revaluation of properties	20.1	<b>8,407</b>	5,858	-	-
Unrealised surplus/(deficit) on revaluation of investments	20.2	<b>(77)</b>	18	-	-
Total recognised (losses) for the year		<b>(99,936)</b>	(99,393)	<b>(106,309)</b>	(105,902)

**THE ENGLISH SPORTS COUNCIL AND ENGLISH SPORTS COUNCIL GROUP**  
Consolidated Accounts for the year ended 31 March 2008

**GROUP AND COUNCIL BALANCE SHEET**

	Note	GROUP		COUNCIL	
		2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
<b>FIXED ASSETS</b>					
Tangible Assets	9	109,546	104,671	695	1,592
<b>CURRENT ASSETS</b>					
Debtors	11	8,069	5,786	5,770	4,617
Prepaid Grants		2,579	614	2,579	614
Current Asset Investments	10	611	674	-	-
Cash at bank and in hand		16,210	6,769	16,007	5,794
		27,469	13,843	24,356	11,025
<b>NON-CURRENT ASSETS</b>					
Loan		900	250	900	250
<b>TOTAL ASSETS</b>		137,915	118,764	25,951	12,867
<b>CURRENT LIABILITIES</b>					
Net Grants outstanding	18	(11,014)	(5,115)	(11,014)	(5,115)
Creditors: Amounts falling due within one year	12	(9,827)	(6,381)	(7,889)	(4,802)
		(20,841)	(11,496)	(18,903)	(9,917)
<b>NON-CURRENT LIABILITIES</b>					
Provisions	15	(2,068)	(2,068)	(2,068)	(2,068)
Pension Liability	14	(10,592)	(13,694)	(10,592)	(13,694)
		(12,660)	(15,762)	(12,660)	(15,762)
<b>TOTAL LIABILITIES</b>		(33,501)	(27,258)	(31,563)	(25,679)
<b>TOTAL ASSETS LESS LIABILITIES</b>		104,414	91,506	(5,612)	(12,812)
<b>FINANCED BY:</b>					
Deferred grant reserve		40,982	42,067	-	-
<b>CAPITAL AND GENERAL FUNDS</b>					
Revaluation Reserves	20	53,435	47,014	-	-
National Centres Reserve	19	34	48	34	48
Revenue Reserves	13	9,963	2,377	(5,646)	(12,860)
		63,432	49,439	(5,612)	(12,812)
		104,414	91,506	(5,612)	(12,812)

The notes to the accounts on pages 57 to 78 form part of these accounts.

Jennie Price  
Chief Executive and Accounting  
Officer of Sport England  
8 July 2008

Michael Farrar  
Interim Chair of the English  
Sports Council  
8 July 2008

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**GROUP & COUNCIL CASH FLOW STATEMENT**

	Note	GROUP		COUNCIL	
		2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Net cash (outflow)/inflow from operating activities	22	(102,903)	(101,127)	(102,205)	(101,973)
<b>RETURN ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Dividends and Interest received		654	447	635	428
		654	447	635	428
<b>TAXATION</b>					
Corporation tax paid	8	(187)	(109)	(189)	(107)
<b>CAPITAL EXPENDITURE &amp; FINANCIAL INVESTMENT</b>					
Purchase of tangible fixed assets		(1,404)	(1,469)	(1,324)	(1,271)
		(1,404)	(1,469)	(1,324)	(1,271)
Net cash outflow before use of liquid resources and financing		(103,840)	(102,258)	(103,083)	(102,923)
<b>MANAGEMENT OF LIQUID RESOURCES</b>					
Acquisition of investments		(15)	-	-	-
		(15)	-	-	-
<b>FINANCING</b>					
Grant in Aid applied towards revenue expenditure		111,972	101,229	111,972	101,229
Grant in Aid applied towards purchase of fixed assets		1,324	1,271	1,324	1,271
		113,296	102,500	113,296	102,500
Net cash (decrease)/increase	21	9,441	242	10,213	(423)

## **NOTES TO THE ACCOUNTS**

### **1. ACCOUNTING POLICIES**

#### **1.1 GOING CONCERN**

The Council's balance sheet reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from Sport England's other sources of income, may only be met by future grants or grants-in-aid from Sport England's sponsoring department, the Department for Culture Media and Sport. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

There is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

#### **1.2 BASIS OF CONSOLIDATION**

The Group accounts consolidate the accounts of the English Sports Council, the Sports Council Trust Company (a charity), Phoenix Sports Limited, and Caversham Lakes Trust Limited.

The accounts of the Sports Council Trust Company, Phoenix Sports Limited, and Caversham Lakes Trust Limited have been included in the consolidation on the basis that the English Sports Council holds controlling voting rights in these companies and that it exercised significant management and financial control over their affairs.

All the accounts consolidated are made up to 31 March 2008.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings are included in the Group income and expenditure account from the date of acquisition. Intra-Group sales and profits are eliminated fully on consolidation.

In the English Sports Council accounts, the investments in subsidiary undertakings are not apparent as the cost to the English Sports Council was nil.

The financial activities of the lottery funds administered by the English Sports Council, under the title of the Sport England Lottery Fund, have not been included in these accounts and a separate financial report has been prepared for them.

### 1.3 BASIS OF PREPARATION

The Accounts are prepared in accordance with Article 14 of the Royal Charter of the English Sports Council and directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of Treasury.

The accounts have been prepared under the modified historical cost accounting convention, whereby fixed assets, current asset investments and stocks (where material) are reflected at current values. Without limiting the information given, the accounts meet the requirements of the Companies Act 1985, the Accounting Standards issued or adopted by the Accounting Standards Board and the Treasury guidance on accounts of Non-Departmental Public Bodies insofar as those requirements are appropriate to each of the English Sports Council and the Group.

### 1.4 INCOME AND EXPENDITURE

All income and expenditure is accounted for on an accruals basis, net of VAT. HM Treasury has judged that grant in aid should be recognised as financing and therefore credited directly to reserves as opposed to income (refer note 13)

### 1.5 GRANTS

To further its objectives, the English Sports Council gives grants to sport related organisations. Grants are offered on the basis of entering into a financial commitment for up to twelve months in advance, based on the grantee's accounting or project period, which in many cases does not coincide with the English Sports Council's accounting period.

Where a grant offer is made, a commitment for the value of the offer will be recognised in the balance sheet as a liability (grants outstanding). Where the period of a grant offer extends beyond the end of the English Sports Council's accounting period, any element of the grant which falls after the balance sheet date is recorded as a deferred grant and carried forward to be expensed in the following year. Grants outstanding are shown net of deferred grants as a liability in the accounts.

### 1.6 NATIONAL LOTTERY SHARE OF OVERHEADS

The English Sports Council is required to apportion the operating costs between its Grant-in-Aid and National Lottery Distribution activities. The apportionment of these costs is determined in accordance with a time recording system which splits the time spent by staff between Grant-in-Aid and National Lottery Distribution activities. In all cases the charges have been calculated on a full cost recovery basis in accordance with HM Treasury's "Fees and Charges Guide." The costs so apportioned to the National Lottery

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Distribution activities will be reimbursed from the Sport England Lottery Fund to the Grant-in-Aid account

## **1.7 PENSIONS**

Contributions to the Council's pension schemes are accounted for in accordance with the requirements of FRS17 in relation to Retirement Benefits.

### **Superannuation FRS17 Change in estimate of liability**

The 31 March 2008 FRS17 valuation report for Sport England produced by LPFA consulting actuaries incorporated a departure from the approach taken in previous years.

In previous years the actuary prepared standard FRS17 results for the employers 450 (UK Sports Council) and employers 460 (English Sports Council) schemes, which included their assets, funded liabilities and any unfunded liabilities. They also prepared a separate FRS17 report for employers 440 (Sports Council) but only including their unfunded liabilities.

This year the report apportions the previously excluded assets and liabilities from the closed legacy multi-employer 440 scheme to the employers 450 and 460.

In addition to the above change, the fund was subject to a triennial valuation as at 31 March 2007. The triennial valuation results were based on full valuation data and offer the most accurate and reliable starting position for FRS17 calculations.

As a result of these changes the balance sheet figures issued last year are not consistent with the March 08 figures, therefore in the interests of consistency the comparative FRS17 figures for 2007 have been restated for the March 2007 position.

Based on the changes, the comparative figures for March 2006 and earlier would be inconsistent and therefore inappropriate. The comparatives were based on projecting forward the results of the triennial valuation as at March 2004. Given the significant cost and time consuming nature of revisiting these comparatives it is agreed incorporating the legacy spilt for the first time for FRS17 purposes as at 31 March 2007 is the best course of action.

## **1.8 OPERATING LEASES**

Rentals paid under operating leases are expended in the period to which the charge relates.

## 1.9 COST OF CAPITAL

In accordance with Treasury directions, the Income and Expenditure Accounts include notional costs as well as those actually incurred so that the full cost of the English Sports Council's activities is disclosed in the accounts. The English Sports Council has included an assessment of the cost of capital employed where the cost is calculated by applying an interest factor to the net assets of the group, being 3.5% per annum as set by HM Treasury (2007-08 3.5%) for other activities.

## 1.10 TANGIBLE FIXED ASSETS

Freehold land and buildings were subject to a full valuation at 31 March 2006. These properties were valued by the Valuation Office Agency in accordance with the Statement of Valuation Practice published by the Royal Institution of Chartered Surveyors.

In the case of the National Sports Centres at Bisham Abbey, Lilleshall and Plas y Brenin the appropriate basis of valuation is the Depreciated Replacement Cost (DRC). The DRC basis requires an open market valuation of the land for its existing use and an estimate of the gross current replacement cost of the buildings and other site works from which deductions are then made to allow for age, condition and obsolescence. The basis of valuation for land and other freehold properties is open market value for existing use.

The Department for Culture, Media and Sport issued a direction on 9 July 1997 requiring fixed asset to be valued at their current cost, where this is materially different from their historical cost. Fixed Assets, other than Land & Buildings, have been revalued using the Public Building Index as at 31 March 2008. Assets held by the English Sports Council have not been revalued as it is considered not to be materially different to historical cost.



## 1.11 DEPRECIATION

Depreciation is provided on all tangible fixed assets, except freehold land, calculated at rates to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life.

Land	NIL
Buildings	50 years
Building leases	Life of lease
Equipment and vehicles	5 years
Computer equipment	3 years
Computer software	3 years

Freehold buildings are depreciated over their specific unexpired useful lives as identified by the Valuation Office Agency. Improvements to leasehold buildings are written off over the unexpired term of the specific leases.

No depreciation is applied in the year the assets are purchased, excluding freehold buildings for which the valuer has given a specific life from the date of the valuation. Full-year depreciation is applied in the year in which the assets are disposed of.

The capitalisation threshold is £1,000.

## 1.12 INVESTMENTS

Fixed assets investments are shown at their market value at the balance sheet date. Income is included, together with related tax credits, in the period in which it is receivable.

## 1.13 DILAPIDATIONS

Full provision for the probable cost of dilapidations at the end of a property lease is made in the accounts in the year in which it is decided not to renew the lease.

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**2.0 OTHER OPERATING INCOME**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Sale of Publications	2	-	2	-
Training courses and conferences	-	7	-	7
Management Fee Income	-	115	-	115
External Funding Income	55	498	55	498
Other items	1,538	2,865	959	1,078
	<b>1,595</b>	<b>3,485</b>	<b>1,016</b>	<b>1,698</b>

**3.0 STAFF COSTS**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Wages and salaries	4,635	4,482	4,635	4,482
Social security costs	450	428	450	428
Other pension costs	1,662	1,621	1,662	1,621
Temporary and agency staff	620	460	620	460
Aggregate Staff Costs	<b>7,367</b>	<b>6,991</b>	<b>7,367</b>	<b>6,991</b>
The aggregate staff costs cover the following areas of activity:				
Permanent	6,747	6,531	6,747	6,531
Temporary	620	460	620	460
Aggregate Staff Costs	<b>7,367</b>	<b>6,991</b>	<b>7,367</b>	<b>6,991</b>

Pension charge from 2006/07 has been reclassified as other operating costs within these accounts.

3.1 Average monthly number of employees is made up as follows:

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
ENGLISH SPORTS COUNCIL				
Permanent	104	105	104	105
Temporary	10	8	10	8
Average Number of Employees	<b>114</b>	<b>113</b>	<b>114</b>	<b>113</b>

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**4.0 GRANTS**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
<b>COMMUNITY PROGRAMMES</b>				
Active Schools Infrastructure	-	12	-	12
Step Into Sport	949	927	949	927
Active Communities	-	(20)	-	(20)
Community Sports Coach Scheme	8,764	10,263	8,764	10,263
Community Club Development Programme	18,467	19,516	18,467	19,516
Sportsmatch	1,488	3,675	1,488	3,675
Community Investment Fund	1,367	1,434	1,367	1,434
School Sports	120	60	120	60
School Club Links	191	191	191	191
<b>TOTAL COMMUNITY PROGRAMMES</b>	<b>31,346</b>	36,058	<b>31,346</b>	36,058
<b>NATIONAL PROGRAMMES</b>				
Step Into Sport	3,021	2,903	3,021	2,903
Coaching Taskforce	1,525	892	1,525	892
Equity	1,454	1,792	1,454	1,792
National Coaching Foundation	3,879	4,281	3,879	4,281
School Club Links	4,081	4,043	4,081	4,043
National Revenue Award	479	999	479	999
Football Foundation	16,000	20,675	16,000	20,675
Sports Aid	199	100	199	100
Central Council for Physical Recreation	1,533	2,020	1,533	2,020
Whole Sport Plans	815	383	815	383
Supporters Direct	-	443	-	443
Funded Partners	1,151	1,130	1,151	1,130
National Sports Foundation	21,824	1,780	21,824	1,780
Legacy Schools	(96)	0	(96)	0
<b>TOTAL NATIONAL PROGRAMMES</b>	<b>55,865</b>	41,441	<b>55,865</b>	41,441
<b>TOTAL AWARDS</b>	<b>87,211</b>	77,499	<b>87,211</b>	77,499

**4.1 ACTIVE ENGLAND PROGRAMME**

The Active England programme is a jointly funded scheme split between the Big Lottery Fund (£77.5m) and Sport England (£31.0m) over the life of the scheme. The total grant funding for the programme is £108.5m. Income received from The Big Lottery Fund for the Active England Programme is recorded in the accounts of The English Sports Council.

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**5.0 NATIONAL CENTRES TRADING**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
National Sports Centres:				
Operating receipts	7,183	6,147	7,183	6,147
Grants received	148	157	148	157
<b>Total Income from National Centres Trading</b>	<b>7,331</b>	<b>6,304</b>	<b>7,331</b>	<b>6,304</b>
Less Expenses:				
Centre Management Fees	11,725	11,608	11,725	11,608
Insurances	47	50	47	50
Net Rates (refunds)	10	10	10	10
General Maintenance	526	490	526	490
Other Centre Expenses	274	16	274	16
Dilapidations	-	2,068	-	2,068
<b>Total Costs associated with National Centres</b>	<b>12,582</b>	<b>14,242</b>	<b>12,582</b>	<b>14,242</b>
<b>NET NATIONAL CENTRES COSTS</b>	<b>5,251</b>	<b>7,938</b>	<b>5,251</b>	<b>7,938</b>

**6.0 OTHER OPERATING COSTS**

6.1	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Other operating costs includes the following specified items:				
Auditors' remuneration	76	69	48	45
Travel, subsistence and hospitality: Chairman, Members and Advisory Groups, Employees	404	411	402	411
Cost of consultants and secondees	1,255	1,496	1,255	1,493
Operating lease rentals	1,122	2,490	836	937
Finance Charges	441	(505)	441	(505)
Depreciation	3,974	1,141	1,054	806
Irrecoverable Value Added Tax	779	1,019	779	1,019
Management Audit	230	99	230	99
Monitoring & Evaluation	390	434	390	434
Marketing Costs	972	1,121	972	1,121
Development Costs	1,659	1,545	1,659	1,545
General Maintenance	5	202	5	202
Research Costs	1,034	1,211	1,034	1,211

**6.2 LOSSES AND SPECIAL PAYMENTS**

There were no individual losses or special payments during the year ended 31 March 2008 which exceeded £250,000 (2006/07 - nil)

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**6.3 ANNUAL COMMITMENTS UNDER OPERATING LEASES**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
LAND AND BUILDINGS				
Leases - expiring within 1 year	60	-	60	-
Leases - expiring between 2 and 5 years	290	420	290	420
Leases - expiring after at least 5 years	1,301	1,249	1,301	1,249
	<b>1,651</b>	1,669	<b>1,651</b>	1,669

**7.0 INVESTMENT INCOME**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Income accrued from the following investments:				
Overnight and short term investment of bank balances	654	447	635	428
Total investment income	<b>654</b>	447	<b>635</b>	428

**8.0 TAXATION**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Corporation Tax payable on interest received: Current Year	187	109	189	107
	<b>187</b>	109	<b>189</b>	107

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**9.0 TANGIBLE FIXED ASSETS**

9.1	Land	Buildings	Equip & Vehicle	IT Equip	IT Software	Total
	£000	£000	£000	£000	£000	£000
<b>GROUP:</b>						
Cost at 1 April 2007	13,613	100,895	4,782	2,004	2,121	123,415
Additions	-	664	583	12	145	1,404
Disposals	-	(122)	(11)	(88)	-	(221)
Revaluation Adjustments	1,134	5,883	(325)	-	-	6,692
Transfers	(45)	658	(613)	-	-	-
Cost at 31 March 2008	14,702	107,978	4,416	1,928	2,266	131,290
Accum depreciation at 1 April 2007	-	12,939	3,212	1,566	1,027	18,744
Charge for year:	-	2,555	391	169	858	3,973
Disposals	-	(122)	(9)	(88)	-	(219)
Revaluation Adjustments	-	(429)	(325)	-	-	(754)
Transfers	-	155	(155)	-	-	-
Accum depreciation at 31 March 2008	-	15,098	3,114	1,647	1,885	21,744
Net Book Value at 31 March 2008	14,702	92,880	1,302	281	381	109,546
Net Book Value at 31 March 2007	13,613	87,956	1,570	438	1,094	104,671

	Land	Buildings	Equip & Vehicle	IT Equip	IT Software	Total
	£000	£000	£000	£000	£000	£000
<b>COUNCIL:</b>						
Cost at 1 April 2007	-	122	640	1,929	2,121	4,812
Additions	-	590	576	12	145	1,323
Gifted to Caversham Lakes Trust Ltd	-	(42)	-	-	-	(42)
Gifted to Sports Council Trust Company	-	(548)	(576)	-	-	(1,124)
Disposals	-	(122)	-	(88)	-	(210)
Transfers	-	-	-	-	-	-
Cost at 31 March 2008	-	-	640	1,853	2,266	4,759
Accum depreciation at 1 April 2007	-	122	581	1,490	1,027	3,220
Charge for year:						
Historic cost	-	-	27	169	858	1,054
Disposals	-	(122)	-	(88)	-	(210)
Transfers	-	-	-	-	-	-
Accum depreciation at 31 March 2008	-	-	608	1,571	1,885	4,064
<b>Net Book Value at 31 March 2008</b>	-	-	32	282	381	695
Net Book Value at 31 March 2007	-	-	59	439	1,094	1,592

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9.2 GROUP

The Net Book Value of buildings at 31 March 2008 includes an amount of £43,836,000 (2006/07 - £53,163,000) in respect of freehold properties and £49,044,000 (2006/07 - £34,793,000) in respect of leasehold properties.

Freehold Land and Buildings owned by the Sports Council Trust Company was valued by the Valuation Office Agency at 31 March 2006.

There is a collection of art works and historic artefacts at Bisham Abbey with pieces dating from the 16<sup>th</sup> Century and the historical significance classifies the collection as heritage assets. The collection was valued for insurance purposes by Sotheby's at £1,053,780 as at 11 July 2002. These assets have not been recognised within the Sports Council Trust Company balance sheet due to there being no active market to measure the value and that these assets could not be physically reconstructed or replaced if lost or destroyed.

**10.0 INVESTMENTS**

		<b>GROUP</b>
10.1	INVESTMENTS	Listed Stocks and Securities
		£000
	Balance at 1 April 2007	674
	Additions including reinvested profits	15
	Revaluation	(78)
	<b>Balance at 31 March 2008</b>	<b>611</b>

The English Sports Council holds no Fixed Asset Investments.

10.2 The English Sports Council is the sole guarantor of the following subsidiary companies all of which are incorporated in England and Wales:

Company	Activity
The Sports Council Trust Company	Charitable Trust dedicated to the promotion of sport
Phoenix Sports Limited	Sports training facility
Caversham Lakes Trust Limited	Rowing facility
National Sports Foundation Limited	Dormant Company

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**11.0 DEBTORS**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Trade debtors	2,577	241	1,293	74
Other debtors	939	597	941	593
Staff Loans	50	44	50	44
Prepayments and accrued income	2,364	1,756	1,347	758
Balances with other Central Government Bodies:				
Sport England Lottery Fund	2,139	3,148	2,139	3,148
All amounts fall due within one year	<b>8,069</b>	5,786	<b>5,770</b>	4,617
Included in Debtors are the following Intra-Government balances:				
Central Government bodies	2,406	3,154	2,406	3,154
Local Authorities	74	35	74	35

**12.0 CREDITORS**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Trade Creditors	2,815	2,231	1,800	1,231
Corporation Tax	154	113	154	109
Other taxation and social security	3	-	3	-
Accruals & Deferred Income	6,849	4,032	5,928	3,457
Other creditors	6	5	4	5
All amounts fall due within one year	<b>9,827</b>	6,381	<b>7,889</b>	4,802
Included in Creditors are the following Intra-Government balances:				
Central Government bodies	187	113	187	109
Local Authorities	10	-	10	-



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**13.0 REVENUE RESERVES**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
At 1 April 2007	16,524	14,707	1,304	676
Net Expenditure for year	(110,923)	(100,683)	(108,966)	(101,316)
Grant-in-Aid received towards resource expenditure	113,296	101,229	113,296	101,229
Capital grant-in-Aid received towards purchase of fixed assets	-	1,271	-	1,271
Assets Gifted to Caversham Lakes Trust Limited	-	-	(42)	-
Assets Gifted to Sports Council Trust Company	-	-	(1,125)	(556)
Transfer between reserves	1,141	-	-	-
	<b>20,038</b>	16,524	<b>4,467</b>	1,304
Revenue Funds:				
Restricted Revenue	21	-	-	-
Reg Ranger Memorial Fund	3	3	-	-
National Anglers Council	6	6	-	-
Donald Scummell Fund	5	5	-	-
Bisham Abbey Appeal Fund	3	3	-	-
Greater Manchester Fund	35	35	35	35
	<b>20,111</b>	16,576	<b>4,502</b>	1,339
<b>PENSION RESERVE</b>				
1 April 2007	(14,199)	(9,613)	(14,199)	(9,613)
Movements in the Year	4,051	(4,586)	4,051	(4,586)
<b>31 March 2008</b>	<b>(10,148)</b>	(14,199)	<b>(10,148)</b>	(14,199)
<b>TOTAL REVENUE RESERVES</b>	<b>9,963</b>	2,377	<b>(5,646)</b>	(12,860)

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## **14.0 PENSION**

### **14.1 London Pension Fund Authority Scheme**

The majority of staff of the Council are members of the London Pension Fund Authority Superannuation Scheme (LPFA). This scheme closed to new members on 30 September 2005. The English Sports Council is one of a large number of employers whose staff participate in the scheme, but the data given in this note relates just to the Council.

The pension scheme (460 English Sports Council) is of the defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions for members of the Scheme amounted to £ 915,087 in 2007/08 (2006/07 - £1,157,839). The Council made additional payments of £2,233,641 to reduce the liability of the pension schemes. The Council is also a member of a second closed multi-employer pension scheme. This scheme (440 Sports Council) was closed after an earlier restructure of The Sports Council in 1997. The Council has included the whole of the amounts brought to account in relation to this closed scheme in its accounts; no amount has been apportioned to Sport England Lottery.

#### **Change in FRS17 Calculation**

The 31 March 2008 FRS17 valuation report for Sport England produced by LPFA consulting actuaries incorporated a departure from the approach taken in previous years.

In previous years the actuary prepared standard FRS17 results for the employers 460 (English Sports Council) scheme, which included their assets, funded liabilities and any unfunded liabilities. They also prepared a separate FRS17 report for employers 440 (Sports Council) but only including their unfunded liabilities.

This year the report apportions the previously excluded assets and liabilities from the closed legacy multi-employer 440 scheme to the employer's 460 scheme.

In addition to the above change, the fund was subject to a triennial valuation as at 31 March 2007. The triennial valuation results were based on full valuation data and offer the most accurate and reliable starting position for FRS17 calculations.

As a result of these changes the balance sheet figures issued last year are not consistent with the March 08 figures, therefore in the interests of consistency the comparative FRS17 figures for 2007 have been restated for the March 2007 position. The adjustment amount was an increase in deficit of £924,000 which resulted in a movement in deficit from (£31,444,000) to (£32,368,000).

Based on the changes, the comparative figures for March 2006 and earlier would be inconsistent and therefore inappropriate. The comparatives were based on projecting forward the results of the triennial valuation as at March 2004. Given the significant cost and time consuming nature of revisiting these comparatives it is agreed incorporating the legacy split for the first time for FRS17 purposes as at 31 March 2007 is the best course of action.

The actuarial method used calculates the net deficit or surplus as the difference between the present value of employees' and employers' future contributions together with the value of existing fund assets, and the present value of the benefit entitlements of existing members, pensioners and their dependents.

Estimations based on the main actuarial assumptions of the valuation are:

- the per annum rate of increase in general levels of pay to be 5.1% in nominal terms and 1.5% in real terms; and
- the market value of scheme assets at 31 March 2004 was £1,378 million, and the actuarial value was sufficient to cover 100% of the benefits which had accrued to members of the scheme.

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Following the advice of the consulting actuaries to the LPFA the English Sports Council's employer contribution (as a percentage of pensionable payroll) was 13.7% (2006/07 - 13.7%). The rate of contribution for employees was 6.0% (2006/07 - 6.0%).

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. Financial Reporting Standard 17 "Retirement Benefits" requires the disclosure of the following additional information in respect of the council superannuation scheme.

The independent actuary's valuation at 31 March 2008 for the purposes of FRS17 estimates a net pension liability of £23,559,000 (2006/07: £32,368,000).

The FRS17 valuation is for Sport England as a whole, the actuaries have not made separate valuations for the Sport England exchequer liabilities or for Sport England lottery liabilities. The Board estimate that approximately 40% of the current and closed schemes liability (£23,559,000) should be apportioned to Exchequer and 60% apportioned to Lottery. Therefore, the liability carried in these accounts as at 31 March 2008 is £10,592,000 (2006/07: £13,694,000)

**Employer Membership Statistics**

	Number	
	29 Feb 2008	31 March 2007
Actives	179	182
Deferred Pensioners	367	373
Pensioners	128	128

**Balance Sheet Disclosure as at 31 March 2008**

In previous years the actuary prepared standard FRS17 results for the employers 450 (UK Sports Council) and employers 460 (English Sports Council) schemes, which included their assets, funded liabilities and any unfunded liabilities. They also prepared a separate FRS17 report for employers 440 (Sports Council) but only including their unfunded liabilities.

This year the report apportions the previously excluded assets and liabilities from the closed legacy multi-employer 440 scheme to the employers 450 and 460.

As a result of these changes the balance sheet figures issued last year are not consistent with the March 08 figures, therefore in the interests of consistency the comparative FRS17 figures for 2007 have been restated for the March 2007 position.\*

Based on the changes, the comparative figures for March 2007 and earlier would be inconsistent and therefore inappropriate. Given the significant cost and time consuming nature of revisiting these comparatives it is agreed incorporating the legacy split for the first time for FRS17 purposes as at 31 March 2007 is the best course of action.

Assumptions as at	31 March 2008	31 March 2007	31 March 2006
	% per annum	% per annum	% per annum
Price increases	3.6%	3.2%	
Salary increases	5.1%	4.7%	
Pension increases	3.6%	3.2%	
Discount rate	6.9%	5.4%	
Assets	Long Term Return	Fund Value at 31 March 2008	Fund Value at 31 March 2007
	% per annum	£'000	£'000
Equities	7.5%	32,574	33,865
Target return funds	6.3%	10,525	12,159
Alternative assets	6.7%	9,801	6,895
Cash	4.8%	1,636	1,459
<b>Total</b>	<b>7.0%</b>	<b>54,536</b>	<b>54,378</b>

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Net Pension Asset at	31 March 2008	31 March 2007 (Restated)
	£'000	£'000
Estimated Employer Assets (A)	54,536	54,378
Total Value of Liabilities (B)	78,095	86,746
Net Asset/(Liability) (A)-(B)	(23,559)	(32,368)*

Further details on the valuation are set out below covering amounts charged to operating profit. The information set out below covers the whole scheme of which the Board has determined that approximately 40% relates to Exchequer.

**Analysis of amount charged to operating profit**

Amount Charged to Operating Profit	Year to 31 March 2008 £'000
Service Cost	1,163
Past Service Costs	0
Curtailment and Settlements	0
Decrease in irrecoverable surplus	0
Total Operating Charge	1,163
Projected Amount Credited to Other Finance Income	Year to 31 March 2008 £'000
Expected Return on Employer Assets	3,973
Interest on Pension Scheme Liabilities	(4,983)
Net Return	1,010
Net Revenue Account Cost	2,173

**Analysis of Amount Recognised in Statement of Total Recognised Gains & Losses (STRGL)**

	Year to 31 March 2008 £'000
Actual Return less expected return on pension scheme assets	(5,126)
Experience gains & losses arising on the scheme liabilities	159
Changes in financial assumptions underlying the present value of the scheme liabilities	12,533
Actuarial (loss)/gain in pension plan	7,566
Loss as a result of change in allocation of 440 scheme	(924)
Actuarial (loss)/gain recognised in STRGL	6,642

Of the actuarial (loss)/gain for this scheme shown above of £7,566,000 the Exchequer share is £3,026,000 and the Lottery share is £4,540,000.

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**Movement in Surplus/ Deficit During the Year**

	Year to 31 March 2008 £'000
Deficit at the beginning of the year (as previously stated)	(31,444)
Change in allocation of 440 scheme	(924)
<b>Deficit at the beginning of the year (restated)</b>	<b>(32,368)</b>
Current Service Cost	(1,163)
Employer Contributions	3,148
Contributions in respect of Unfunded Benefits	268
Net Return on Assets	(1,010)
Actuarial Gains /(Losses)	7,566
<b>Deficit at the end of year</b>	<b>(23,559)</b>

**History of Experience Gains & Losses**

	Year to 31 March 2008 £'000
Difference between the expected and actual return on assets	(5,126)
Value of Assets	54,536
Percentage of Assets	(9.4)%
Experience Gains on Liabilities	159
Present Value of Liabilities	78,095
Percentage of the Present Value of Liabilities	0.2%
Actuarial Losses recognised in STRGL	7,566
Present Value of Liabilities	78,095
Percentage of the Present Value of Liabilities	9.7%

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole.

Unlike the actuarial method of Pension Fund Valuation, Financial Reporting Standard 17 disclosures do not take account of employees' and employers' future contributions.

**14.2 Scottish Equitable, Group Stakeholder Pension Scheme**

From 1 October 2005 Sport England has operated a Group Stakeholder Pension Scheme (GSPS) with Scottish Equitable for staff commencing after this date. The Scottish Equitable Group Stakeholder Pension Scheme is a defined contribution scheme, government registered, and meets all legislative requirements. A stakeholder pension enables each employee to build up an individual pension fund in their own name, making their own choice about how much they contribute. The money in the fund is invested on the employee's behalf, and when they retire the fund is used to buy an annuity or an unsecured pension (or an alternatively secured pension if they are 75) which gives a regular income for life. Part of the fund may also be used to provide a tax-free lump sum.

Employer contributions for staff members of this scheme for the year ended 31 March 2008 were £238,076 (2006/07 - £125,770)

There were no amounts outstanding or pre-paid at 31 March 2008 (2006/07 £nil)

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## 15.0 PROVISIONS

Full provision for the probable cost of dilapidations at the end of a property lease is made in the accounts in the year in which it is decided not to renew the lease.

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Balance at 1 April	2,068	-	2,068	-
Charges for the year	-	2,068	-	2,068
Balance at 31 March	2,068	2,068	2,068	2,068

## 16.0 CONTINGENT LIABILITIES

### Contribution towards Tangible Fixed Assets

In 1979, the Football Association (FA) contributed £500,000 towards the construction of a hostel at Lilleshall National Sports Centre. A management agreement with the FA was entered into by the Group which enabled the FA to run the Vauxhall School at the Centre (which closed in July 1999). The Management Agreement continues to remain in place and at the present time, the accommodation is used by the FA's Medical and Education Units. If the Group were to terminate the agreement at any time before 2039 then a proportion of the £500,000 would fall due to be repaid to the FA calculated by the reference to affluxion of time. The Directors consider it unlikely that the agreement will be terminated by the Group.

## 17.0 CAPITAL COMMITMENTS

The Group had contractual commitments for capital works amounting to £nil as at 31 March 2008 (2006/07 - £15,181). This amount has not been provided for in these financial statements.

## 18.0 GRANT COMMITMENTS

On the undertaking that funds are to be provided by the Department for Culture, Media and Sport, the Council, at 31 March 2008, had entered into grant commitments as follows:

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Grants Outstanding	(50,344)	(48,454)	(50,344)	(48,454)
Deferred Grants	41,444	43,339	41,444	43,339
Accrued Grants	(2,114)	-	(2,114)	-
Net Grant outstanding as per Balance Sheet	(11,014)	(5,115)	(11,014)	(5,115)

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**19.0 NATIONAL CENTRES RESERVE**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Balance at 1 April	48	1,047	48	1,047
Transfer from Reserve	(14)	(999)	(14)	(999)
Balance at 31 March	34	48	34	48

In the 2003/04 year a reserve of £1,000,000 was established for expected major repairs in relation to Crystal Palace National Sports Centre. It was agreed as part of Sport England's arrangement with Greater London Authority and London Borough of Bromley, that Sport England would attend to any major repairs found necessary prior to Greater London Authority taking over operation of the site.

**20.0 REVALUATION RESERVES**

		GROUP	
		2007/08 £000	2006/07 £000
20.1	Land and Buildings		
	Balance at 1 April 2007	46,833	41,710
	Surplus owing to revaluation of properties	8,407	5,858
	Revaluation adjustment	(1,060)	-
	Amortisation of revaluation reserve to income and expenditure account	(849)	(735)
	Balance at 31 March 2008	53,331	46,833
20.2	Investments		
	Balance at 1 April 2007	181	163
	Surplus/(Deficit) arising on revaluation of investments	(77)	18
	Balance at 31 March 2008	104	181
	Total Balance at 31 March 2008	53,435	47,014

**21.0 RECONCILIATION OF NET CASH (OUTFLOW)/INFLOW TO MOVEMENT IN NET DEBT**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Cash (outflow)/inflow in the year	9,441	242	10,213	(423)
Investments	-	-	-	-
Movement in net debt	9,441	242	10,213	(423)
Opening net funds 1 April 2007	6,769	6,527	5,794	6,217
Closing net funds at 31 March 2008	16,210	6,769	16,007	5,794

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**22.0 RECONCILIATION OF GROUP OPERATING (DEFICIT)/SURPLUS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	GROUP		COUNCIL	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Operating (deficit)	(112,764)	(102,231)	(109,092)	(102,847)
Depreciation of tangible assets	3,974	1,141	1,054	806
Notional interest on capital employed	1,374	1,210	(320)	1,210
Disposal of fixed assets	2	-	-	36
Finance charge	441	(505)	441	(505)
Non-cash operating expenses	508	-	508	-
Amortisation of Revaluation Reserve	-	(735)	-	-
(Increase)/decrease in stocks	-	41	-	41
(Increase)/decrease in debtors	(2,283)	787	(1,153)	387
(Increase)/decrease in prepaid grants	(1,965)	1,186	(1,965)	1,186
(Increase)/decrease in loans	(650)	(250)	(650)	(250)
Increase/(decrease) in grants outstanding	5,899	259	5,899	259
Increase/(decrease) in creditors	3,446	(2,847)	3,087	(3,365)
Increase/(decrease) in provisions	-	2,068	-	2,068
Increase/(decrease) in deferred income	(856)	(252)	-	-
Increase/(decrease) in National Centre Reserve	(14)	(999)	(14)	(999)
Increase/(decrease) in reserve	(15)	-	-	-
Net cash (outflow)/inflow from operating activities	(102,903)	(101,127)	(102,205)	(101,973)



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### 23.0 RELATED PARTY TRANSACTIONS

Both the Department for Culture, Media and Sport as the sponsoring department and The English Sports Council's subsidiary companies are deemed to be related parties of the English Sports Council. The English Sports Council had material transactions with all parties. None of the Council Members or key managerial staff has undertaken any material transactions with the English Sports Council during the year.

Council Members, RSB Members and senior executive staff maintain publicly available registers of interests and declare any direct interests in grant applications made to Sport England and any direct commercial relationships with the Council. If any Member has an interest in an application, they exclude themselves from the relevant grant appraisal, discussion and decision processes within the Council. The following related party transactions occurred during the year in respect of Council Members, Regional Sports Board Members, and key managerial staff and include both The English Sports Council and National Lottery Distribution Account transactions.

	Awards 2007/08 £	Balances Remaining £	Supplier Payments £
<b>Ged Roddy (Vice Chair, Board Member and RSB Chair)</b> University of Bath (Director)	330,000	359,753	113
<b>Ashia Hansen (Board Member)</b> UK Athletics (Athlete's Panel)	4,573,006	131,600	-
<b>Dr Jack Rowell OBE (Board Member)</b> Rugby Football Union (Member)	7,239,292	4,611,270	4,294
<b>James Stewart (Board Member)</b> Partnerships for Schools (Board Member)	65,000	-	-
<b>Andy Worthington (Board Member and RSB Chair)</b> Sports Coach UK (Board Member)	4,352,250	15,000	12,925
<b>Stephen Castle (RSB Chair)</b> Essex County Council (Councillor)	-	-	5,875
<b>Paul Millman (RSB Chair)</b> England Squash (Member) Kent County Cricket Club (Member)	1,478,440 (775)	2,723,046 -	- -
<b>Peter Price (RSB Chair)</b> Sheffield City Council (Councillor)	56,924	83,283	-
<b>Peter Rowley (RSB Chair)</b> England Athletics (Member) University of Teesside (Governor)	1,554,689 159,896	1,584,167 783,232	- -
<b>Stephen Baddeley (Director of Sport)</b> Badminton England (Employment)	2,094,000	1,763,792	-
<b>Joanna Robinson (Director of Regional Sport)</b> St Pauls Primary School (Other)	-	12,912	-
<b>David Gent (Regional Director)</b> British Canoe Union (Councillor)	1,979,330	2,163,000	-
<b>Sean Holt (Director of South East)</b> Tourism South East (Director)	40,000	-	4,965
<b>Jim Clarke (Director of South West)</b> Royal Yachting Association (Member)	1,545,126	1,854,585	588
<b>Stewart Kellet (Director of North West)</b> Myerscough College (Governor)	-	59,559	2,276

## 24.0 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The English Sports Council relies mainly on Parliamentary voted funding, income from activities and Lottery Awards to finance its operations. Other than items such as trade debtors and creditors that arise from its operations and cash resources, it holds no other financial instruments nor enters into derivative transactions.

The English Sports Council performs all transactions in Sterling and therefore has no currency exchange risk and does not enter into any forward foreign currency contracts or similar financial instruments.

The English Sports Council does not borrow money and therefore has no exposure to interest rate risks nor liquidity risk in this regard. Cash balances are held in commercial bank accounts and attract market rates of interest. The English Sports Council does not enter into any interest rate swaps or similar financial instruments.

The English Sports Council Group does hold, in the subsidiary bodies, a number of financial instruments. These relate to financial instruments listed in the United Kingdom. The English Sports Council Group does not undertake any measures to mitigate the risks of the movement in the values of these instruments and is therefore fully exposed to these risks.

## 25.0 POST BALANCE SHEET EVENTS

On 10 June 2008 Sport England announced a new strategy in which National Governing Bodies will be commissioned on a four year cycle to deliver key outcomes.

Current programmes will continue during 2008-09 and will be restructured in subsequent years.

On 30 June 2008 Sport England announced its intention to restructure its operations. A period of consultation has now begun. It is not yet possible to assess any costs of the restructuring and no provision has been made in these accounts.

The Annual Report and Accounts was authorised for issue by the Sport England Main Board on 8 July 2008.

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**STATEMENT OF THE COUNCIL'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES**

1. Under section 35(2) and (3) of the National Lottery etc. Act 1993 (as amended), the English Sports Council is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Culture, Media and Sport with the consent of the Treasury.

The financial statements are prepared on an accruals basis and must show a true and fair view of the state of affairs of the English Sports Council's Lottery distribution activities at the period end and of its income and expenditure and cash flows for the financial period.

2. In preparing the accounts the Council is required to:
  - observe the accounts direction issued by the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
  - prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Council will continue in operation.
3. The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of the English Sports Council as the Accounting Officer for the Council. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in Managing Public Money, issued by the Treasury and in the Financial Directions issued by the Secretary of State for Culture, Media and Sport under section 26(3) of the National Lottery etc. Act 1993 (as amended).
4. The Accounting Officer has taken all the steps she ought to have taken to make herself aware of any relevant audit information and to establish that the English Sports Council's auditors are aware of that information.

Jennie Price  
Chief Executive and Accounting  
Officer of Sport England  
8 July 2008

Michael Farrar  
Interim Chair of the English  
Sports Council  
8 July 2008

## STATEMENT ON INTERNAL CONTROL

### 1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Sport England's aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me in HM Treasury's "Managing Public Money" and for ensuring compliance with the requirements of Sport England's Management Statement, Policy Directions, Financial Directions and Statement of Financial Requirements.

The Board of Sport England acknowledges its responsibility for the funds and assets of Sport England and for maintaining a sound system of internal control. It is advised by the Audit, Risk and Governance Committee.

### 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuing process designed to identify and prioritise the risks to the achievement of Sport England's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Sport England for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts and accords with HM Treasury guidance.

### 3. Capacity to handle risk

As Accounting Officer I am personally responsible for ensuring Sport England has an effective risk management process. We have a documented risk strategy that follows HM Treasury's guidance on risk policy and processes, defines what is meant by risk management and outlines the key principles underpinning our approach to the management of risk. Each strategic and significant operational risk is managed by a member of the Senior Management Team. All staff have intranet access to our risk management policies. In the last year we have improved the organisation's ability to identify and manage risk through a programme of workshops on the type of risk that the organisation is facing, the level of exposure and the effectiveness of internal controls to mitigate risk. We recognise the need to continue to develop our risk management processes, particularly during the implementation of Sport England's new strategy.

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**4. The risk and control framework**

During 2007-08 we continued to manage risk at both the strategic and the operational level. The Senior Management Team identified, assessed and recorded in a risk register the key strategic risks to the achievement of Sport England's aims and objectives. Each strategic and major operational risk was managed by an appropriate Director. The strategic risk register was reviewed by the Audit, Risk and Governance Committee was presented to the Main Board. Operational staff identified, assessed and managed the risks relevant to their activities. Improvements to the internal control environment have included:

- The development and implementation of improved regional operating controls
- The implementation of a self assurance process by which National Partners demonstrate their ability to manage public funds
- The completion of a programme of audits for a sample of National Governing Bodies and for all 49 County Sports Partnerships.

**5. Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by information and advice from the following sources:

- The Main Board – This comprises a Chair, a Vice Chair, two Regional Sports Board Chairs, the Chair of the Audit, Risk and Governance Committee and ten other members. All Board members are appointed by the Secretary of State for Culture Media and Sport. The Board met 12 times this year to consider Sport England's strategy and performance and to assess investment decisions.
- The Audit, Risk and Governance Committee – This comprises a Chair, three other Board members and an additional non-executive member who has been selected for expertise in this field. The Committee met five times this year with both Internal and External Auditors present, to receive and respond to reports, to consider and advise me on the appropriateness of our corporate governance, risk management and internal control arrangements and to review the external financial statements prior to submission to the Main Board.

## THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT

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- The Projects Committee – This comprises at least three Main Board members. It is chaired by the Chair or Deputy Chair of the Main Board. It is responsible for making funding decisions awards of up to £2m.
- Regional Sports Boards – These comprise a Chair and non executive members. They were responsible for the approval of awards up to £1m during the year.
- The Executive Group – I meet regularly with my Executive Group to manage operational issues, risks, plans and objectives.
- The Senior Management Team – I meet regularly with the Executive Group and Regional Directors to manage operational issues, risks, plans and objectives. Members of the Senior Management Team are required to give me documented assurances regarding compliance with their operational risk management and internal control responsibilities.
- Internal Audit – This department undertakes internal audits to Government Internal Audit Standards and provides regular reports and an overall annual opinion on risk management, control and governance in Sport England. For 2007/2008, Internal Audit reported that they are satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness of Sport England's risk management, control and governance processes. In their opinion, based upon the work they have undertaken, for the 12 months ended 31 March 2008 Sport England has had adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives other than in its management of grant funding and in some aspects of financial management. This is explained in more detail below.
- External Audit – The external auditors provide comments on internal control in their management letters and other reports.
- Specific risk reviews – These include Health and Safety audits and third party reviews of policies and processes.

The business has experienced substantial change in the year, arising from a strategy review and changes of personnel at Chair, Executive and senior levels. Despite these changes creating a high risk operating environment for Sport England, reasonable assurance has been gained that the control environment has operated effectively and has been strengthened where required. I recognise, however, that there are areas which require improvement. These have been identified and are being addressed.

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**6. Significant Internal Control Issues:**

- i. Significant internal control issues around the grant making process require full disclosure and are described below. While these have been addressed, we recognise the inherent risk that some grant payments may not have been compliant with award requirements.

During the year we identified weaknesses in the system of internal control for grants management in regional offices. This weakness arose from a failure to evidence compliance with grants management procedures. On the advice of the Audit, Risk & Governance Committee we took the following action.

- We conducted internal audits of the management of grant payment in all regional offices.
- We commissioned an independent investigation in the region most at risk.
- We implemented a new and more rigorous set of operating controls across the regions.
- We introduced quarterly performance reporting on grants management to the Senior Management Team.
- We re-established risk management disciplines in the regional offices.

- ii. Significant financial control issues require full disclosure and are described below.

During the year we identified weaknesses in our financial management. The production and analysis of financial information was inadequate for part of the year. On the advice of the Audit, Risk & Governance Committee we have begun a programme to improve our financial systems and processes and to ensure that managers are fully accountable for the financial management of their activities. Significant improvements have been made in the last quarter and during the new financial year.

Jennie Price  
Chief Executive and Accounting  
Officer of Sport England  
8 July 2008

Michael Farrar  
Interim Chair of the English  
Sports Council  
8 July 2008

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**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR  
GENERAL TO THE HOUSES OF PARLIAMENT**

I certify that I have audited the financial statements of the English Sports Council Lottery Distribution Fund for the year ended 31 March 2008 under the National Lottery Act 1993 (as amended). These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

**Respective responsibilities of the English Sports Council, Chief Executive and auditor**

The Council and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the National Lottery Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Council's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Lottery Act 1993 (as amended) and directions made thereunder. I report to you if, in my opinion, the information which comprises the Financial and Performance Review and the History and Background of the English Sports Council, included within the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Council has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an



## THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT

Accounts for the year ended 31 March 2008

opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises all sections of the Annual Report except for the Financial and Performance Review and the History and Background of the English Sports Council. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Council and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the English Sports Council Lottery Distribution Fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the National Lottery Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, of the state of the English Sports Council Lottery Distribution Fund's affairs as at 31 March 2008 and of its decrease in funds, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Lottery Act 1993 (as amended) and directions made thereunder by the Secretary of State for

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT  
Accounts for the year ended 31 March 2008

Culture, Media and Sport, with the consent of HM Treasury; and

- information which compromises the Financial and Performance Review and the History and Background of the English Sports Council included within the Annual Report, is consistent with the financial statements.

**Opinion on Regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**Report**

I have no observations to make on these financial statements.

T J Burr  
Comptroller and Auditor General  
10 July 2008

NATIONAL AUDIT OFFICE  
151 Buckingham Palace Road  
Victoria  
LONDON SW1W 9SS

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT

Accounts for the year ended 31 March 2008

INCOME AND EXPENDITURE ACCOUNT

	Note	2008 £000	2007 £000
<b><u>INCOME</u></b>			
Share of proceeds from the National Lottery	2	124,245	124,190
Investment returns from the National Lottery	2	10,319	7,796
Bank interest receivable		182	252
Other income	3	-	212
		<b>134,746</b>	132,450
<b><u>EXPENDITURE</u></b>			
Grant commitments made in the year	4	116,116	139,235
Grant de-commitments occurring in year	4	(3,368)	(13,475)
Staff costs	5	9,504	8,341
Other operating costs	6	12,550	10,421
		<b>134,802</b>	144,522
<b><u>DECREASE)/INCREASE IN LOTTERY FUNDS BEFORE TAXATION</u></b>			
Taxation		(55)	(75)
		<b>(111)</b>	(12,147)
<b><u>DECREASE)/INCREASE IN LOTTERY FUNDS</u></b>			

All Income and Expenditure relates to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	2008 £000	2007 £000
(Decrease)/increase in lottery funds		(111)	(12,147)
Actuarial (loss)/gain in pension plan	12	3,985	(6,530)
Total recognised (losses)/gains for the year		<b>3,874</b>	(18,677)

The notes to the accounts on pages 89 to 105 form part of these accounts.

**THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT**  
Accounts for the year ended 31 March 2008

**BALANCE SHEET**

	Note	2008 £000	2007 £000
<b><u>FIXED ASSETS</u></b>			
Tangible Assets	7	-	-
		-	-
<b><u>CURRENT ASSETS</u></b>			
Investments - balance in NLDF	2	201,956	195,391
Debtors and prepayments	10	160	743
Cash at bank and in hand		1,334	2,602
		203,450	198,736
<b><u>CREDITORS falling due within one year</u></b>			
Sundry creditors	11	2,139	3,148
Hard grant commitments	13	89,638	68,880
		91,777	72,028
<b><u>NET CURRENT ASSETS</u></b>		111,673	126,708
<b><u>TOTAL ASSETS LESS CURRENT LIABILITIES</u></b>		111,673	126,708
<b><u>CREDITORS falling due after more than one year</u></b>			
Pension plan	12	12,967	17,750
Hard grant commitments	13	59,816	75,964
		72,783	93,714
<b><u>NET ASSETS</u></b>		38,890	32,994
<b>REPRESENTED BY:</b>			
<b><u>LOTTERY FUNDS</u></b>			
Revenue reserve	15	50,633	50,744
Pension reserve	15	(11,743)	(17,750)
		38,890	32,994

The notes to the accounts on pages 89 to 105 form part of these accounts.

Jennie Price  
 Chief Executive and Accounting Officer  
 of Sport England  
 8 July 2008

Michael Farrar  
 Interim Chair of the English Sports  
 Council  
 8 July 2008

**THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT**  
Accounts for the year ended 31 March 2008

**CASH FLOW STATEMENT**

	Note	2008 £000	2007 £000
<b><u>OPERATING ACTIVITIES</u></b>			
Cash drawn down from NLDF		127,999	128,400
Other income		583	8,958
Awards payments		(108,138)	(120,103)
Staff costs		(9,504)	(8,342)
Other operating costs		(12,315)	(9,502)
<b>Net cash (outflow) from operating activities</b>	16	<b>(1,375)</b>	<b>(589)</b>
<b><u>RETURNS ON INVESTMENTS</u></b>			
Interest received		182	252
<b><u>TAXATION</u></b>			
Corporation Tax paid		(75)	(75)
<b>Net Cash outflow</b>	18	<b>(1,268)</b>	<b>(412)</b>

## **NOTES TO THE ACCOUNTS**

### **1 ACCOUNTING POLICIES**

#### Accounting Convention

- 1.1 The Accounts have been prepared under the historical cost convention. Without limiting the information given, the accounts meet the requirements of the Companies Act 1985, the Accounting Standards issued or adopted by the Accounting Standards Board, the Treasury guidance on the accounts of Non Departmental Public Bodies and the National Lottery etc. Act 1993 insofar as those requirements are appropriate to the Sport England Lottery Fund.
- 1.2 The Accounts have been prepared under the accruals basis and all income and expenditure on operating costs are taken into account in the financial period to which it relates. Awards are accounted for on a commitments basis (see 1.5 below).
- 1.3 In compliance with section 35 of the National Lottery etc. Act 1993 the accounts cover the year to 31 March 2008. Comparative figures are shown for the year ended 31 March 2007.

## THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT

Accounts for the year ended 31 March 2008

- 1.4 Separate accounts have been prepared for the English Sports Council accounts funded from Grant in Aid, in accordance with the instructions issued by the Secretary of State. Consolidated accounts have not been prepared. These accounts following are entirely separate from The English Sports Council Exchequer Accounts.

### Hard and Soft Commitments

- 1.5 As required by the Secretary of State, commitments are defined as hard and soft as follows:

1.5.1 a “hard commitment” occurs where a firm offer of award has been made by the Council and this offer has been accepted, together with any conditions dependent upon which the award has been made; and

1.5.2 a “soft commitment” occurs where there is agreement in principle by the Council to fund a scheme but the offer and associated conditions have not yet been accepted.

### Receipts from the National Lottery Distribution Fund

- 1.6 Funds are received from the National Lottery operator into a centrally maintained fund, the National Lottery Distribution Fund, which is managed by the Commissioners for the repayment of National Debt. A proportion of the National Lottery Distribution Fund is available for distribution by the English Sports Council in respect of current and future commitments. Funds are withdrawn from the National Lottery Distribution Fund into the bank account of the Sport England Lottery Fund in order to meet payments falling due to suppliers, award recipients and other costs.

### Overheads

- 1.7 The English Sports Council is required to attribute the costs of overheads between its Grant-in-Aid and National Lottery Distribution activities. The attribution of these costs is determined in accordance with a time recording system which splits the time spent by staff between Grant-in-Aid and National Lottery Distribution activities. In all cases the charges have been calculated on a full cost recovery basis in accordance with HM Treasury’s “Fees and Charges Guide”. The costs so apportioned to the National Lottery Distribution activities will be reimbursed from the Sport England Lottery Fund to the Grant-in-Aid account. The Lottery fund bears its full share of costs properly attributable to the Fund.

**THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT**  
Accounts for the year ended 31 March 2008

Tangible Fixed Assets

1.8 Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

- |                                   |                    |
|-----------------------------------|--------------------|
| • Refurbishment                   | Remainder of lease |
| • Equipment Fixtures and Fittings | 3-5 years          |

The capitalisation threshold is £1,000.

Pensions

1.9 Contributions to the Council's pension schemes are accounted for in accordance with the requirements of FRS17 in relation to Retirement Benefits.

**Superannuation FRS17 Change in estimate of liability**

The 31 March 2008 FRS17 valuation report for Sport England produced by LPFA consulting actuaries incorporated a departure from the approach taken in previous years.

In previous years the actuary prepared standard FRS17 results for the employers 450 (UK Sports Council) and employers 460 (English Sports Council) schemes, which included their assets, funded liabilities and any unfunded liabilities. They also prepared a separate FRS17 report for employers 440 (Sports Council) but only including their unfunded liabilities.

This year the report apportions the previously excluded assets and liabilities from the closed legacy multi-employer 440 scheme to the employers 450 and 460.

In addition to the above change, the fund was subject to a triennial valuation as at 31 March 2007. The triennial valuation results were based on full valuation data and offer the most accurate and reliable starting position for FRS17 calculations.

As a result of these changes the balance sheet figures issued last year are not consistent with the March 08 figures, therefore in the interests of consistency the comparative FRS17 figures for 2007 have been restated for the March 2007 position.

Based on the changes, the comparative figures for March 2006 and earlier would be inconsistent and therefore inappropriate. The comparatives were based on projecting forward the results of the triennial valuation as at March 2004. Given the significant cost and time consuming nature of revisiting these comparatives it is agreed incorporating the legacy split for the first time for FRS17 purposes as at 31 March 2007 is the best course of action.

**THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT**  
Accounts for the year ended 31 March 2008

Investments

1.10 Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to the Sport England Lottery Fund is shown in the accounts and, at 31 March 2008, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by the Sport England Lottery Fund in respect of current and future commitments.

Taxation

1.11 Amounts of interest in the National Lottery Distribution Fund do not fall within the scope of Corporation Tax. Once drawn down into the nominated accounts of the Sport England Lottery Fund interest thereon is subject to Corporation Tax and is fully provided in the period to which it applies.

**2 NATIONAL LOTTERY DISTRIBUTION FUND**

During the period under review the Sport England Lottery Fund received and distributed the following sums:

	2008 £000	2007 £000
<b>Balance brought forward</b>	<b>195,391</b>	191,805
Share of net operator proceeds	<b>124,245</b>	124,190
Investment returns from National Lottery Distribution Fund	<b>9,875</b>	7,796
Unrealised gain	<b>444</b>	-
Transfer to UK Sport	-	(7,000)
	<b>329,955</b>	316,791
Funds drawn down	<b>(127,999)</b>	(121,400)
<b>Balance carried forward</b>	<b>201,956</b>	195,391

The above balances are based on the distribution of National Lottery Funds as set out in the National Lottery Act, as amended.



THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT  
Accounts for the year ended 31 March 2008

3 OTHER INCOME

	2008 £000	2007 £000
Big Lottery Fund and The Arts Council of England – Space For Sport and Arts Programme	-	212
<b>Total other income</b>	-	212

4 GRANT COMMITMENTS

Grant commitments and grant de-commitments are summarised below.

	2008 £000	2007 £000
Grant commitments made in the year	116,116	139,235
Grant de-commitments occurring in year	(3,368)	(13,475)
<b>Net Grant Commitments</b>	<b>112,748</b>	<b>125,760</b>

A summary of the net grant commitments by programme is set out below.

	2008 £000	2007 £000
Whole Sport Plans	15,030	79,148
Community Investment Fund	72,652	14,099
County Sport Partnerships	10,605	13,614
Community Capital	3,482	2,002
Awards For All	6,507	6,567
National Investment Fund	4,358	-
Everyday Sport	-	3,150
English Institute of Sport	850	2,451
Football Foundation	-	(2,762)
UK Sport	-	5,000
Talented Athlete Scholarship Scheme	-	2,000
Space for Sport and Arts	167	512
Active England	64	86
Other Programmes	(967)	(107)
<b>Total Net Grant Commitments</b>	<b>112,748</b>	<b>125,760</b>

4.1 The Space For Sport and Arts programme

The Space For Sport and Arts programme is a jointly funded scheme between The Department for Culture Media and Sport (£79m) Big Lottery Fund (£25m), The Arts Council of England (£5m) and Sport England (£25.0m). The total grant and administration funding for the life of the programme is £134m.

**THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT**  
Accounts for the year ended 31 March 2008

4.2 Active England Programme

The Active England programme is a jointly funded scheme between the Big Lottery Fund (£77.5m), and Sport England (£31.0m). The total grant funding for the programme is £108.5m. These accounts only reflect Sport England's share of the grants awarded under the programme. Income received from The Big Lottery Fund for the Active England Programme is recorded in the accounts of The English Sports Council.

**5 STAFF COSTS**

The aggregate staffing costs of the Sport England Lottery Fund during the period under review were as follows:

	2008 £000	2007 £000
Wages and salaries	5,977	5,190
Temporary staff	805	506
Social security costs	565	470
Other pension costs	2,157	2,175
<b>Total Employee Costs</b>	<b>9,504</b>	<b>8,341</b>

Pension charge from 2006/07 has been reclassified as other operating costs within these accounts.

The average number of staff employed is as follows:

	2008 No	2007 No
Permanent	134	128
Temporary	13	9
<b>Average Staff Numbers</b>	<b>147</b>	<b>137</b>

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT  
Accounts for the year ended 31 March 2008

**6 OTHER OPERATING COSTS**

These costs can be summarised as follows:

	2008 £000	2007 £000
Other staff costs	886	1,031
Finance costs	569	(931)
Office costs	2,908	2,200
Legal costs	2,972	2,431
Media/Communications	1,141	1,598
Programme support	2,089	2,672
Monitoring and evaluation	402	665
Irrecoverable VAT	1,007	1,530
Asset hire charges	593	443
Recharges	(792)	(1,338)
Research costs	16	-
Development costs	2	-
Other expenses	757	120
<b>Total Other Operating Costs</b>	<b>12,550</b>	<b>10,421</b>

Auditors' remuneration of £47,500 (2007 - £45,000) is included within the amount shown above for legal costs.

**7 TANGIBLE FIXED ASSETS**

	Refurbishment £000	Equipment, Fixtures & Fittings £000	Total Tangible Fixed Assets £000
Cost at 1 April 2007	604	1,102	1,706
Disposals	(604)	(1,102)	(1,706)
<b>Cost at 31 March 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accumulated depreciation at 1 April 2007	604	1,102	1,706
Disposals	(604)	(1,102)	(1,706)
<b>Accumulated depreciation at 31 March 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net book value at 31 March 2008	-	-	-
Net book value at 31 March 2007	-	-	-

**8 CAPITAL COMMITMENTS**

There are no capital commitments as at 31 March 2008 (2007: £nil).

**THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT**  
Accounts for the year ended 31 March 2008

**9 INVESTMENTS**

The funds attributable to the Sport England Lottery Fund, whilst they are within the National Lottery Distribution Fund, are invested by the Commissioner for the repayment of National Debt, and interest accrued is credited to the balance available for distribution.

Capital sums are distributed in accordance with the provisions of the National Lottery etc. Act 1993 (as amended). Interest earned on the sums invested is apportioned to each of the Lottery Distributors on the basis of their percentage share of the total remaining National Lottery Distribution Fund at the time the interest is received.

**10 DEBTORS**

	<b>2008 £000</b>	2007 £000
Trade debtors	117	126
Amounts due from funded partners	43	617
	<b>160</b>	743
All debtors are all external to central Government		

**11 CREDITORS**

	<b>2008 £000</b>	2007 £000
English Sports Council – Exchequer	<b>2,139</b>	3,148
	<b>2,139</b>	3,148

**12 PENSION PLAN**

**12.1 London Pension Fund Authority**

The majority of staff of the Council are members of the London Pension Fund Authority Superannuation Scheme (LPFA). This scheme closed to new members on 30 September 2005. The English Sports Council is one of a large number of employers whose staff participate in the scheme, but the data given in this note relates just to the Council.

The pension scheme (460 English Sports Council) is of the defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions for members of the Scheme amounted to £ 915,087 in 2007/08 (2006/07 - £1,157,839). The Council made additional payments of £2,233,641 to reduce the liability of the pension schemes. The Council is also a member of a second closed multi-employer pension scheme. This scheme (440 Sports council) was closed after an earlier restructure of The Sports Council in 1997. The Council has included the whole of the amounts brought to account in relation to this closed scheme in its accounts; no amount has been apportioned to Sport England Lottery.

## THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT

Accounts for the year ended 31 March 2008

### Change in FRS17 Calculation

The 31 March 2008 FRS17 valuation report for Sport England produced by LPFA consulting actuaries incorporated a departure from the approach taken in previous years.

In previous years the actuary prepared standard FRS17 results for the employers 460 (English Sports Council) scheme, which included their assets, funded liabilities and any unfunded liabilities. They also prepared a separate FRS17 report for employers 440 (Sports Council) but only including their unfunded liabilities.

This year the report apportions the previously excluded assets and liabilities from the closed legacy multi-employer 440 scheme to the employer's 460 scheme.

In addition to the above change, the fund was subject to a triennial valuation as at 31 March 2007. The triennial valuation results were based on full valuation data and offer the most accurate and reliable starting position for FRS17 calculations.

As a result of these changes the balance sheet figures issued last year are not consistent with the March 08 figures, therefore in the interests of consistency the comparative FRS17 figures for 2007 have been restated for the March 2007 position. The adjustment amount was an increase in deficit of £924,000 which resulted in a movement in deficit from (£31,444,000) to (£32,368,000).

Based on the changes, the comparative figures for March 2006 and earlier would be inconsistent and therefore inappropriate. The comparatives were based on projecting forward the results of the triennial valuation as at March 2004. Given the significant cost and time consuming nature of revisiting these comparatives it is agreed incorporating the legacy split for the first time for FRS17 purposes as at 31 March 2007 is the best course of action.

The actuarial method used calculates the net deficit or surplus as the difference between the present value of employees' and employers' future contributions together with the value of existing fund assets, and the present value of the benefit entitlements of existing members, pensioners and their dependents.

Estimations based on the main actuarial assumptions of the valuation are:

- the per annum rate of increase in general levels of pay to be 5.1% in nominal terms and 1.5% in real terms; and
- the market value of scheme assets at 31 March 2004 was £1,378 million, and the actuarial value was sufficient to cover 100% of the benefits which had accrued to members of the scheme.

Following the advice of the consulting actuaries to the LPFA the English Sports Council's employer contribution (as a percentage of pensionable payroll) was 13.7% (2006/07 - 13.7%). The rate of contribution for employees was 6.0% (2006/07 - 6.0%).

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. Financial Reporting Standard 17 "Retirement Benefits" requires the disclosure of the following additional information in respect of the council superannuation scheme.

The independent actuary's valuation at 31 March 2008 for the purposes of FRS17 estimates a net pension liability of £23,559,000 (2006/07: £32,368,000).

The FRS17 valuation is for Sport England as a whole, the actuaries have not made separate valuations for the Sport England exchequer liabilities or for Sport England lottery liabilities. The Board estimate that approximately 40% of the current and closed schemes liability (£23,559,000) should be apportioned to Exchequer and 60% apportioned to Lottery.

## THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT

Accounts for the year ended 31 March 2008

Therefore, the liability carried in these accounts as at 31 March 2008 is £12,967,000 (2006/07: £13,694,000)

### Employer Membership Statistics

	Number	
	29 Feb 2008	31 March 2007
Actives	179	182
Deferred Pensioners	367	373
Pensioners	128	128

### Balance Sheet Disclosure as at 31 March 2008

In previous years the actuary prepared standard FRS17 results for the employers 450 (UK Sports Council) and employers 460 (English Sports Council) schemes, which included their assets, funded liabilities and any unfunded liabilities. They also prepared a separate FRS17 report for employers 440 (Sports Council) but only including their unfunded liabilities.

This year the report apportions the previously excluded assets and liabilities from the closed legacy multi-employer 440 scheme to the employers 450 and 460.

As a result of these changes the balance sheet figures issued last year are not consistent with the March 08 figures, therefore in the interests of consistency the comparative FRS17 figures for 2007 have been restated for the March 2007 position.\*

Based on the changes, the comparative figures for March 2007 and earlier would be inconsistent and therefore inappropriate. Given the significant cost and time consuming nature of revisiting these comparatives it is agreed incorporating the legacy split for the first time for FRS17 purposes as at 31 March 2007 is the best course of action.

Assumptions as at	31 March 2008	31 March 2007	31 March 2006
	% per annum	% per annum	% per annum
Price increases	3.6%	3.2%	
Salary increases	5.1%	4.7%	
Pension increases	3.6%	3.2%	
Discount rate	6.9%	5.4%	
Assets	Long Term Return	Fund Value at 31 March 2008	Fund Value at 31 March 2007
	% per annum	£'000	£'000
Equities	7.5%	32,574	33,865
Target return funds	6.3%	10,525	12,159
Alternative assets	6.7%	9,801	6,895
Cash	4.8%	1,636	1,459
Total	7.0%	54,536	54,378

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT

Accounts for the year ended 31 March 2008

Net Pension Asset at	31 March 2008	31 March 2007 (Restated)
	£'000	£'000
Estimated Employer Assets (A)	54,536	54,378
Total Value of Liabilities (B)	78,095	86,746
Net Asset/(Liability) (A)-(B)	(23,559)	(32,368)*

Further details on the valuation are set out below covering amounts charged to operating profit. The information set out below covers the whole scheme of which the Board has determined that approximately 60% relates to Lottery.

**Analysis of amount charged to operating profit**

Amount Charged to Operating Profit	Year to 31 March 2008
	£'000
Service Cost	1,163
Past Service Costs	0
Curtailment and Settlements	0
Decrease in irrecoverable surplus	0
Total Operating Charge	1,163
Projected Amount Credited to Other Finance Income	Year to 31 March 2008
	£'000
Expected Return on Employer Assets	3,973
Interest on Pension Scheme Liabilities	(4,983)
Net Return	1,010
Net Revenue Account Cost	2,173

**Analysis of Amount Recognised in Statement of Total Recognised Gains & Losses (STRGL)**

	31 March 2008
	£'000
Actual Return less expected return on pension scheme assets	(5,126)
Experience gains & losses arising on the scheme liabilities	159
Changes in financial assumptions underlying the present value of the scheme liabilities	12,533
Actuarial (loss)/gain in pension plan	7,566
Loss as a result of change in allocation of 440 scheme	(924)
Actuarial (loss)/gain recognised in STRGL	6,642

Of the actuarial (loss)/gain for this scheme shown above of £7,566,000 the Exchequer share is £3,026,000 and the Lottery share is £4,540,000.

**THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION ACCOUNT**  
Accounts for the year ended 31 March 2008

**Movement in Surplus/ Deficit During the Year**

	<b>31 March 2008</b>
	<b>£'000</b>
Deficit at the beginning of the year (as previously stated)	(31,444)
Change in allocation of 440 scheme	(924)
<b>Deficit at the beginning of the year (restated)</b>	<b>(32,368)</b>
Current Service Cost	(1,163)
Employer Contributions	3,148
Contributions in respect of Unfunded Benefits	268
Other Income	-
Other Outgoings	-
Past Service costs	-
Impact of Settlements and Curtailments	-
Net Return on Assets	(1,010)
Actuarial Gains /(Losses)	7,566
<b>Deficit at the end of year</b>	<b>(23,559)</b>

**History of Experience Gains & Losses**

	<b>31 March 2008</b>
	<b>£'000</b>
Difference between the expected and actual return on assets	(5,126)
Value of Assets	54,536
Percentage of Assets	(9.4)%
Experience Gains on Liabilities	159
Present Value of Liabilities	78,095
Percentage of the Present Value of Liabilities	0.2%
Actuarial Losses recognised in STRGL	7,566
Present Value of Liabilities	78,095
Percentage of the Present Value of Liabilities	9.7%

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole.

Unlike the actuarial method of Pension Fund Valuation, Financial Reporting Standard 17 disclosures do not take account of employees' and employers' future contributions.



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**12.2 Scottish Equitable, Group Stakeholder Pension Scheme**

From 1 October 2005 Sport England has operated a Group Stakeholder Pension Scheme (GSPS) with Scottish Equitable for staff commencing after this date. The Scottish Equitable Group Stakeholder Pension Scheme is a defined contribution scheme, government registered, and meets all legislative requirements. A stakeholder pension enables each employee to build up an individual pension fund in their own name, making their own choice about how much they contribute. The money in the fund is invested on the employee's behalf, and when they retire the fund is used to buy an annuity or an unsecured pension (or an alternatively secured pension if they are 75) which gives a regular income for life. Part of the fund may also be used to provide a tax-free lump sum.

Employer contributions for staff members of this scheme for the year ended 31 March 2008 were £238,076 (2006/07 - £125,770)

There were no amounts outstanding or pre-paid at 31 March 2008 (2006/07 £nil)

**13 HARD COMMITMENTS**

	2008 £000	2007 £000
Hard commitments brought forward	144,844	139,187
Hard commitments paid	(108,138)	(120,103)
Hard de-commitments	(3,368)	(13,475)
Hard commitments entered into	116,116	139,235
Hard commitments carried forward as at 31 March	<b>149,454</b>	144,844

	2008 £000	2007 £000
Amounts due during 2007/08 Financial Year	-	68,880
Amounts due during 2008/09 Financial Year	89,638	37,199
Amounts due during 2009/10 Financial Year	29,908	38,765
Amounts due during 2010/11 Financial Year	16,449	-
Amounts due during 2011/12 Financial Year	13,459	-
Hard commitments carried forward as at 31 March	<b>149,454</b>	144,844

As explained in the Accounting Policies note hard commitments are charged to the income and expenditure in the accounting period in which the award offer is accepted. A number of these awards offer cover up to three and four years of revenue funding and the payment of these awards is not profiled to occur within the next twelve months. The allocation of hard commitments over the financial years is based on management's latest assessment of the likely timing of cash payments. These assumptions are periodically reviewed and updated.

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**14 SOFT COMMITMENTS**

	2008 £000	2007 £000
Soft commitments brought forward	117,332	150,350
Soft commitments transferred to Hard	(116,116)	(139,235)
Soft commitments entered into	94,260	106,217
Soft commitments carried forward as at 31 March	<b>95,476</b>	117,332

Soft commitments are the aggregate of award offers made and not yet accepted by the award recipient and award decisions approved by our respective National and Regional Sports Boards where no formal award offer has been sent at the balance sheet date.

The amounts committed to hard and soft commitments exceed the available resources by £56,586,000 (2007 - £84,338,000). It has been the policy of Sport England to make forward commitments against future income streams to speed up the out flow of lottery cash, which is in line with DCMS policy.

**15 REVENUE RESERVES**

	2008 £000	2007 £000
Surplus brought forward	32,994	51,672
(Decrease)/increase in lottery funds for the year	(111)	(12,147)
Movement in pension plan	6,007	(6,531)
Surplus carried forward	<b>38,890</b>	32,994
<b>Analysed as follows:</b>		
Revenue reserve	50,633	50,744
Pension reserve	(11,743)	(17,750)
Surplus/(deficit) carried forward	<b>38,890</b>	32,994

**16 RECONCILIATION OF (DECREASE)/INCREASE IN LOTTERY FUNDS BEFORE TAXATION TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2008 £000	2007 £000
(Decrease)/increase in lottery funds before taxation	(56)	(12,072)
Decrease/(increase) in debtors	583	8,746
Decrease/(increase) in creditors	(1,162)	13,106
Interest receivable	(182)	(252)
Movement in pension plan	6,007	(6,531)
(Increase)/decrease in NLDF	(6,565)	(3,586)
Net cash (outflow) from operating activities	<b>(1,375)</b>	(589)

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17 **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2008 £000	2007 £000
Increase / (decrease) in cash	(1,268)	(412)
Movement in liquid resources – NLDF balance	6,565	3,586
Increase / (decrease) in net funds	5,297	3,174
Net funds brought forward	197,993	194,819
Net funds carried forward	203,290	197,993

18 **CHANGE IN CASH DURING THE YEAR**

	2008 £000	2007 £000
Opening cash balance	2,602	3,014
Net cash inflow / (outflow)	(1,268)	(412)
Cash and bank balances at year end	1,334	2,602

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**19 RELATED PARTIES**

Both the Department for Culture, Media and Sport as the sponsoring department and The English Sports Council's subsidiary companies are deemed to be related parties of the English Sports Council. The English Sports Council had material transactions with all parties. None of the Council Members or key managerial staff has undertaken any material transactions with the English Sports Council during the year.

Council Members, RSB Members and senior executive staff maintain publicly available registers of interests and declare any direct interests in grant applications made to Sport England and any direct commercial relationships with the Council. If any Member has an interest in an application, they exclude themselves from the relevant grant appraisal, discussion and decision processes within the Council. The following related party transactions occurred during the year in respect of Council Members, Regional Sports Board Members, and key managerial staff and include both The English Sports Council and National Lottery Distribution Account transactions.

	Awards 2007/08 £	Balances Remaining £	Supplier Payments £
<b>Ged Roddy (Vice Chair, Board Member and RSB Chair)</b> University of Bath (Director)	330,000	359,753	113
<b>Ashia Hansen (Board Member)</b> UK Athletics (Athlete's Panel)	4,573,006	131,600	-
<b>Dr Jack Rowell OBE (Board Member)</b> Rugby Football Union (Member)	7,239,292	4,611,270	4,294
<b>James Stewart (Board Member)</b> Partnerships for Schools (Board Member)	65,000	-	-
<b>Andy Worthington (Board Member and RSB Chair)</b> Sports Coach UK (Member)	4,352,250	15,000	12,925
<b>Stephen Castle (RSB Chair)</b> Essex County Council (Member)	-	-	5,875
<b>Paul Millman (RSB Chair)</b> English Squash (Member) Kent County Cricket Club (Member)	1,478,440 (775)	2,723,046 -	- -
<b>Peter Price (RSB Chair)</b> Sheffield City Council (Member)	56,924	83,283	-
<b>Peter Rowley (RSB Chair)</b> England Athletics (Member) University of Teesside (Governor/Councillor)	1,554,689 159,896	1,584,167 783,232	- -
<b>Stephen Baddeley (Director of Sport)</b> Badminton England (Employment)	2,094,000	1,763,792	-
<b>Joanna Robinson (Director of Regional Sport)</b> St Pauls Primary School (Other)	-	12,912	-
<b>David Gent (Regional Director)</b> British Canoe Union (Governor/Councillor)	1,979,330	2,163,000	-
<b>Sean Holt (Director of South East)</b> Tourism South East (Director)	40,000	-	4,965
<b>Jim Clarke (Director of South West)</b> Royal Yachting Association (Member)	1,545,126	1,854,585	588
<b>Stewart Kellet (Director of North West)</b> Myerscough College (Governor/Councillor)	-	59,559	2,276

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**20 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS**

The Sport England Lottery Fund relies mainly on Lottery Awards with some partnership funding to finance its operations. Other than items such as trade debtors and creditors that arise from its operations and cash resources, it holds no other financial instruments nor enters into derivative transactions.

The Sport England Lottery Fund performs all transactions in Sterling and therefore has no currency exchange risk and does not enter into any forward foreign currency contracts or similar financial instruments.

The Sport England Lottery Fund does not borrow money and therefore has no exposure to interest rate risks nor liquidity risk in this regard. Cash balances are held in commercial bank accounts and attract market rates of interest. The Sport England Lottery Fund does not enter into any interest rate swaps or similar financial instruments.

**21 POST BALANCE SHEET EVENTS**

On 10 June 2008 Sport England announced a new strategy in which National Governing Bodies will be commissioned on a four year cycle to deliver key outcomes.

On 23 June 2008 Sport England began a public consultation on proposals for its future distribution of Lottery funding.

On 30 June 2008 Sport England announced its intention to restructure its operations. A period of consultation has now begun. It is not yet possible to assess any costs of the restructuring and no provision has been made in these accounts.

The Annual Report and Accounts was authorised for issue by the Sport England Main Board on 8 July 2008.







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