



**SPORT
ENGLAND**

ANNUAL REPORT & ACCOUNTS

***THE ENGLISH SPORTS COUNCIL GRANT-IN-AID
AND NATIONAL LOTTERY DISTRIBUTION FUND***

***ANNUAL REPORT AND ACCOUNTS FOR THE
YEAR ENDED 31 MARCH 2016***

The English Sports Council

Grant-in-Aid

and

National Lottery Distribution Fund

Annual Report and Accounts

for the year ended 31 March 2016

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CONTENTS

CHAIR'S FOREWORD 02

CEO INTRODUCTION 03

PERFORMANCE REPORT 04-47

Imaging better. Making it happen 04

Priorities and goals 05

Understanding impact. Investing smarter 06-07

Financial overview 08-09

Looking back. Moving forward 10-11

Uncovering insight. Changing behaviour 12-13

Setting Targets. Reaching goals 14-17

Developing skills. Creating leaders 18-19

Working locally. Strengthening communities 20-23

Inspiring women. Closing the gap 24-27

Engaging young minds. Igniting ambition 28-29

Disability-Removing barriers. Creating choice 30-31

Talent-Nurturing talent. Fulfilling potential 32-35

Making spaces. Unlocking opportunity 36-39

Experimenting locally. Learning what works 40-41

Building partnerships. Unlocking ideas 42-43

Embracing technology. Sparking action 44-45

Developing our new strategy 46-47

ACCOUNTABILITY REPORT 48-69

Financial review 48-51

Remuneration and staff report 52-58

Sport England's structure 59-60

Governance statement 61-69

GRANT-IN-AID AND GROUP ACCOUNTS 70-105

The Council's and Chief Executive's responsibilities 71

Independent auditors report 72-73

Index to the accounts 74

Statement of comprehensive net expenditure 75

Statement of financial position 76

Statement of cash flows 77

Statement of changes in taxpayers equity - Group 78

Statement of changes in taxpayers equity - Council 79

Notes to the accounts 80-105

NATIONAL LOTTERY DISTRIBUTION FUND - ACCOUNTS 106-129

The Council's and Chief Executive's responsibilities 107

Comptroller and Auditor General Report 108-109

Index to the accounts 110

Statement of comprehensive net expenditure 111

Statement of financial position 112

Statement of cash flows 113

Statement of changes in equity 114

Notes to the accounts 115-129

CHAIR'S FOREWORD



**A BUSY BUT FOCUSED 2015-2016 MEANS
SPORT ENGLAND IS NOW READY TO SEIZE THE
OPPORTUNITIES PRESENTED BY THE GOVERNMENT'S
NEW SPORTING FUTURES STRATEGY.**

This has been an important year for Sport England in which we passed three key milestones: a Triennial Review, the Comprehensive Spending Review, and finally the publication of the Government's Sporting Future: A New Strategy for an Active Nation.

The joint Triennial Review of Sport England and UK Sport by the Department for Culture, Media and Sport (DCMS), launched in November 2014, considered both our form and functions, and assessed both organisations' efficiency, effectiveness, control and governance arrangements. The final report was published in September last year. Thanks, in part, to good feedback from our stakeholders, the review team confirmed our role and purpose, and recognised the progress we have made in tackling a range of challenges.

We have made good progress on the review's recommendations. We are establishing new appraisal and evaluation approaches, including the new Active Lives survey that will allow direct comparison between different projects and programmes. We are working more closely with UK Sport particularly on talent and governance. While our new strategy, *Towards an Active Nation*, explains how we will focus our resources on the channels and organisations most likely to increase the number of people playing specific sports.

In November the Comprehensive Spending Review set out details of our Exchequer funding up to 2020. No reduction was made in our Exchequer grant, which was an exceptionally good settlement and an important recognition at the highest level of the value of grassroots sport in England.

The last piece of the jigsaw was the DCMS strategy published just before Christmas, which set out an exciting and challenging agenda for sports policy. I very much welcome its approach, particularly its emphasis on tackling inactivity and prioritising under-represented groups.

Sporting Future has set the foundations for our work in future. Consulting on and developing our strategy for the period to 2021 has been an intensive piece of work led by Jennie Price and our Executive Team and involving a large number of colleagues.

And of course we had our day job to do as well. Highlights during the year have included setting up a Flood Relief Fund with rapid response times, launching Backing the Best, a scheme to help talented young athletes fulfil their potential, and developing Active Lives, our new survey which will give us a more detailed picture of how people spend their leisure time. We built on the success of This Girl Can and developed new ways of working strategically with local authorities in places like Manchester, Birmingham and Nottingham.

As well as thanking Sport England employees, I would like to express my gratitude to members of the Sport England Board who, as well as overseeing Sport England's business during the year, have devoted a huge amount of time and effort to ensuring we have the strongest possible strategy in place for the future, and that we are seizing the opportunity set out in *Sporting Future* to harness the potential of sport for social good.

Nick Bitel
Chair

CEO'S INTRODUCTION



**UNDERSTANDING OUR CUSTOMERS, LISTENING
TO OUR PARTNERS AND CHANGING OUR WAYS
OF WORKING WILL HELP US MEET THE NEEDS
OF A DEMANDING NEW REMIT.**

This has been an exciting year for grassroots sport, dominated by the publication of the Government's new strategy which sets an ambitious and challenging agenda to get the nation active.

It recognises the broader and more profound impact sport can have on physical health and mental wellbeing, as well as individual, community and economic development. And it calls for funding decisions to be made with these in mind rather than simply the number of people playing sport.

Sport England has responded by consulting widely on its own strategy. It provided very useful feedback both on how we might implement the new policy direction and on how some of our current work can be evolved and adapted. The partnership approach we have taken with the larger cities, for example, and our strategic facilities investment were cited as areas where Sport England's expertise and brokering skills were valued as much as its investment.

If we are to shift the behaviour of large numbers of people we need to focus more on consumers, to understand better their individual motivations and barriers and address them in an engaging and relevant manner.

This Girl Can has been a good test case in this respect. With 2.8 million women in the first 11 months of the campaign being inspired to

get active, it has demonstrated that by placing insight at the heart of what we do we can have a significant impact on behaviour. That insight has also resonated beyond our national boundaries, with This Girl Can winning over 50 awards, many of them international, including the Grand Prix at the Cannes advertising awards for the best health related campaign in the world last year.

We published our new strategy for the period 2016–21 in May. During 2015–16 we have trialled a new way of measuring impact, which will sit at the heart of our new approach. Active Lives will replace the Active People Survey (APS) during 2016–17. Like APS, Active Lives is a mass survey, questioning close to 200,000 people over 12 months about how they spend their leisure time. Rather than give a snapshot of people's lives, the survey is designed to give us a richer picture of what people do over the course of a year, and will help us understand typical patterns of activity rather than focusing on participation in any one sport.

The coming year will be one of change for both Sport England and its partners as we begin to implement our new strategy, and I look forward to working together to put the Government's exciting new vision for sport into practice.

Jennie Price
Chief Executive

IMAGINING BETTER. MAKING IT HAPPEN.

***ESTABLISHED BY ROYAL CHARTER IN 1996,
SPORT ENGLAND IS THE GOVERNMENT AGENCY
RESPONSIBLE FOR GROWING AND DEVELOPING
GRASSROOTS SPORT.***

We define sport widely to include a broad range of physical activity from going to the gym, doing an exercise class, going for a jog or playing a formal game of football, cricket or tennis.

We manage and distribute public investment and act as a statutory distributor of funds raised by the National Lottery.

To support this investment, we draw together the best expertise, insight and knowledge of grassroots sport, learning from experience from other sectors and countries as well as from sport in England.

Sharing this intelligence and encouraging creative thinking and good decision making across the sector is an important part of our role, and a particularly critical task in a challenging economic climate. This matters because sport can transform lives and communities, improve physical wellbeing and mental wellbeing and help regenerate economically-deprived areas.

As we understand more about people's behaviour and their attitude towards sport, we know that the natural pattern for the majority of people who play sport regularly is to do so sporadically rather than continuously. Most will not be on what sport describes as a 'pathway' – developing their talent and aiming to compete at the highest levels – but will remain at the recreational level – taking part for health, social or entertainment reasons.

This demands a real shift in our thinking as well as that of our partners. We need to develop attractive sporting products that connect with people's lives and motivations. We need to create accessible, sustainable environments – practically, financially and emotionally – that make people feel able and willing to spend their leisure time there. And we need to identify innovative means of engaging with and talking to a more diverse audience.

The contents of this performance report fulfil the requirements of a strategic report as required by Chapter 4A of Part 15 of the Companies Act 2006, and are set out on pages 2–47.

PRIORITIES AND GOALS

We currently have three strategic priorities:

PARTICIPATION

To help as many people as possible take part in sport or physical activity regularly, regardless of their age, gender, ability or disability. Our 2012–17 strategy had a particular focus on 14–25-year-olds as well as women and disabled people, who play significantly less sport than the national average.



TALENT

To nurture and develop talented young athletes from a wide variety of backgrounds to help them fulfil their sporting potential.



FACILITIES

To invest in sporting facilities across England, and fulfil our statutory role in planning applications relating to playing fields.



With four specific goals:

1. Increase the number of people over the age of 14 who play sport at least once a week for 30 minutes at moderate intensity, as measured by the Active People Survey.
2. Increase the number of disabled people who play sport regularly, as measured by the Active People Survey.
3. Ensure NGBs use our investment to develop and nurture talented athletes and achieve specific, agreed objectives on talent.
4. Invest in sports facilities across England so that people have safe, attractive places in which to play sport.

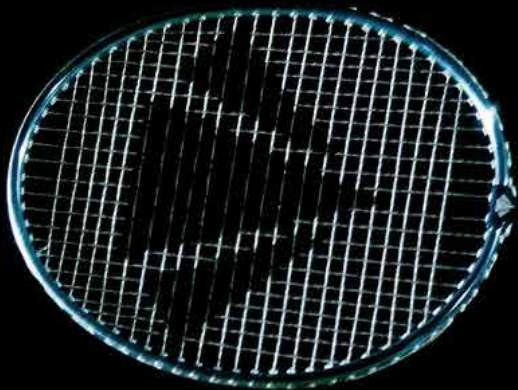
OUR FIVES AREAS OF FOCUS FOR 2015–16

For the last full year of our 2012–17 Youth and Community Strategy, we focused on:

1. Developing and consulting upon a new strategy for the period 2016–20, allowing for a transition period in the final year of the existing strategy.
2. Supporting our key investment partners, including national governing bodies, to increase the number of people playing sport regularly.
3. Implementing the next phase of our behavioural change campaign, This Girl Can, to encourage more women to play sport, including working with the supply side of sport to enhance the experience it offers to women.
4. Placing more focus on using sport for social change, in particular finding innovative ways of engaging with organisations and communities who would not typically seek our support.
5. Developing a strategy implementation plan and associated timeline to ensure that any change in strategic direction is communicated and implemented effectively.

UNDERSTANDING IMPACT. INVESTING SMARTER.

*BEFORE WE DECIDE TO INVEST
PUBLIC MONEY, WE NEED TO BE
SURE WE'VE IDENTIFIED THE REAL
PROBLEM AND ARE SUPPORTING
A RELEVANT SOLUTION.*





Our investment strategy is based on evidence and insight.

We deliberately use behavioural change and social marketing principles and techniques to encourage more people to play sport and support our investment partners to adopt these methods too.

We recognise that understanding the motivations of particular population groups and the barriers which impact on their attitude to sport, as well as how best to engage with them, are essential if we are to design and invest in effective projects and programmes.

We have evolved our approach to investment and are working with an increasingly wide range of partners. Over the current investment cycle, 38 per cent of our grant funding was invested through 46 national governing bodies of sport. Where appropriate, we seek additional partners who can deliver growth in a particular sport but we will always ensure that it adds up to a coherent plan for that sport, based on what the evidence is telling us about how people want to take part.

The remainder of our investment supports a wide range of other partners within the community sport sector. As a result, we are working with all of the providers of sport including community groups and charities, private sector operators and professional clubs.

We work closely with local authorities who remain the biggest investor in community sport; we also collaborate with them on activities such as our £38 million Community Sport Activation Fund.

We encourage local authorities and other facility owners to plan and invest in facilities based on local need and sustainable business plans to reduce the need for operating subsidies.

And we connect sport and activity deliverers at a local level, with £30 million core and programme funding into the 44 county sports partnerships and the County Sport Partnership Network.

All investments are evaluated to ensure they are meeting the agreed outcomes, having the desired impact and providing value for money. We are committed to sharing best practice and ensuring the insight gained informs new decisions.

£30 MILLION

WE CONNECT SPORT AND ACTIVITY DELIVERERS AT A LOCAL LEVEL, WITH £30 MILLION CORE AND PROGRAMME FUNDING INTO THE 44 COUNTY SPORTS PARTNERSHIPS AND THE COUNTY SPORT PARTNERSHIP NETWORK.

FINANCIAL OVERVIEW

Our income

During the year, we received £333.4 million (2015: £326 million) of income to invest. This comprises £93.9 million (2015: £83 million) Exchequer Grant-in-Aid funding and £239.5 million National Lottery funding (2015: £243 million). Lottery funding received in 2014–15 however included the transfer of £18.4 million from the Olympic Distribution Fund on its closure, hence the actual underlying income for the year was £224.6 million. There was an increase in underlying ticket sales income during 2015–16. Exchequer funding also increased in 2015–16 due to the Parklife grassroots football programme, for which we received an extra £10 million of Grant-in-Aid.

Our commitments

Of the £333.4 million income received, we committed to spend a total of £239.9 million (2015: £324.9 million), of which £204.7 million was invested as awards in achieving our three strategic priorities.

The reduction in commitments compared to the prior year is a reflection of the current 2012–17 strategy nearing its conclusion. Higher levels of grant commitments are incurred at the start of the strategic cycle, however actual delivery continues throughout.

The breakdown of the £239.9 million commitments is as follows:

We awarded £80.4 million of Exchequer awards (2015: £68.5million) and £116.8 million of Lottery awards during the year (2015: £214.6 million).

We provided £4.0 million (2015: £4.9 million) of Lottery non-cash grants for the club development tool, Club Matters, and the This Girl Can campaign, and £3.4 million expenditure on the National Sports Centres.

All Lottery awards, including non-cash grants, committed and accepted were consistent with our policy on additionality.

The costs we incurred to support the delivery of our award programmes as well as promoting the development of sport in local communities (sport development costs) were £13.1 million.

Our administration costs were £7.5 million. Staff costs involved with delivering and supporting sports development and administration functions were £14.7 million.

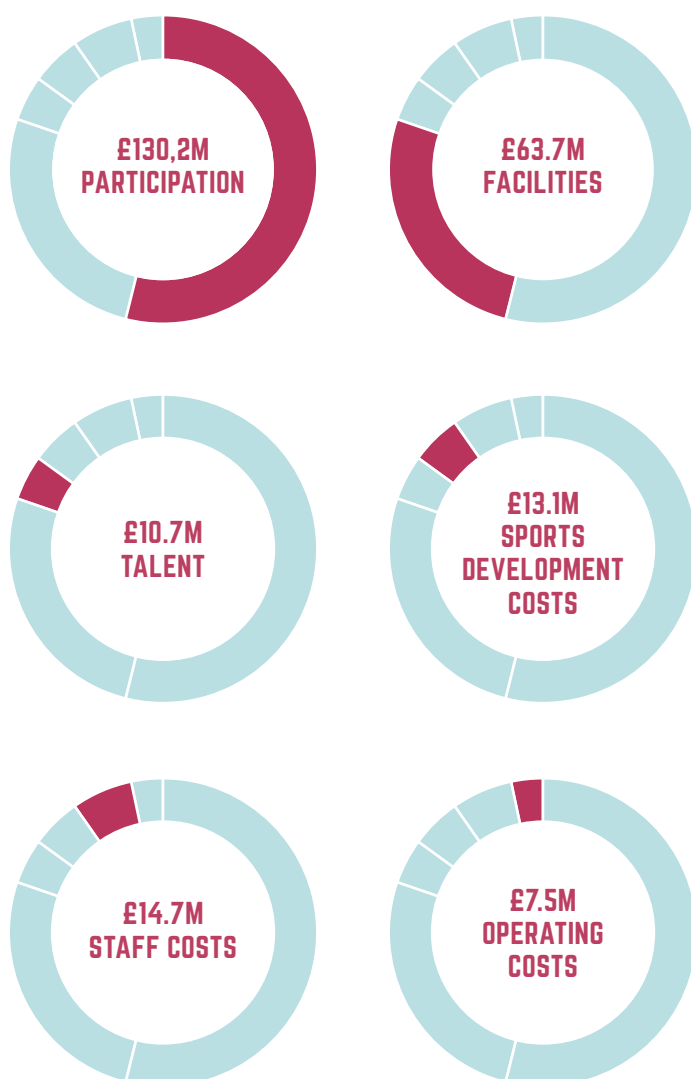
Looking forward, on 3 March 2016 we received our Spending Review settlement covering the financial years 2016–17 to 2019–20 for resource and the years 2016–17 to 2020–21 for capital. The total resource Grant-in-Aid budget will be £238.2 million over the four years, and the total capital budget will be £157.7 million over the five-year period. Lottery funding will continue to be variable, dependent on future ticket sales.

NATIONAL LOTTERY AND EXCHEQUER INCOME

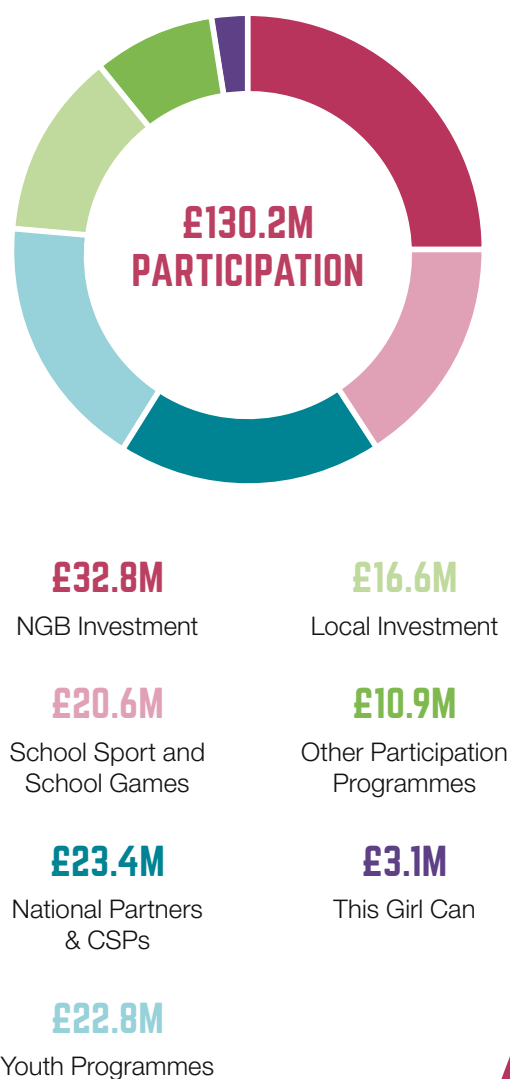
● Lottery funding ● Exchequer funding



BREAKDOWN OF £239.9 MILLION EXPENDITURE IN 2015-16



BREAKDOWN OF £130.2 MILLION EXPENDITURE IN 2015-16



LOOKING BACK. MOVING FORWARD.

**ALTHOUGH THE NUMBER OF PEOPLE WHO REGULARLY
PLAY SPORT IS ON THE RISE, WE STILL HAVE MORE TO
DO TO GET UNDER-REPRESENTED GROUPS TAKING PART.**

Growing participation

The number of regularly active people is the main performance indicator of Sport England's 2013–17 strategy.

This is currently measured by the rolling Active People Survey (APS) of over 160,000 people, the results of which are published twice a year.

The most recent results, published in December 2015, showed that 15.74 million people took part in some kind of sport for at least 30 minutes, every week between October 2014 and September 2015.

This reversed the slight dip revealed by June's figures (15.5 million) and takes the total back to just over the total of 15.71 million from a year before.

The recent growth has been driven by an increase in the number of women playing sport and being physically active (up by 148,700), suggesting that our customer-focused campaign, This Girl Can, has had an impact.

In fact, independent research conducted for This Girl Can shows that 2.8 million women have done some or more activity or sport as a direct result of the campaign (source: TNS/BMRB). However, while the gender gap may have narrowed slightly, down from 1.79 million fewer women than men playing sport to 1.73 million, there are still too many women and girls who are not active.

People from lower socio-economic groups are less likely to play regularly – 25.9 per cent compared to 39.1 per cent of more affluent groups.

And while there has been a slight increase in the overall numbers – up by 17,500 to 1.58 million – a disabled person is still half as likely to play sport as a non-disabled person.

So while there are 1.65 million more people taking part in sport compared to when we won the right to host the London 2012 Olympic and Paralympic Games, there is clearly much more to do if we are to encourage more people from a wider range of backgrounds to engage with sport and physical activity.

DECEMBER 2015

15.74 MILLION

**PEOPLE PLAY SPORT AT LEAST ONCE A WEEK –
35.8% OF EVERYONE AGED 16 OR OVER.**

THIS INCLUDES:

**3.83 MILLION 16–25 YEAR OLDS (55.2%) AND
11.91 MILLION ADULTS AGED 26 AND OVER (32.1%)**

**1.58 MILLION WITH A LONG-TERM LIMITING
ILLNESS OR DISABILITY (17.2%)**

**7.01 MILLION WOMEN (31.2%) AND
8.73 MILLION MEN (40.7%)**

Developing a new strategy and working with new partners

The publication of the Government's *Sporting Future: A Strategy for an Active Nation* in December 2015 asked Sport England to develop a new strategy for 2016–21 that delivers against five key outcomes:

- Physical wellbeing
- Mental wellbeing
- Individual development
- Social and community development
- Economic development

We have consulted extensively on how we should approach this – 10 events with over 300 delegates as well as more than 850 online responses – to help us shape our new approach.

The resultant strategy, launched in May 2016, will see us working in different ways with new and traditional partners to get more people from every background regularly and meaningfully taking part in sport and physical activity and to support a more productive, sustainable and responsible sport sector.

Supporting our key investment partners

We work closely with the organisations we invest in to help them achieve the outcomes they are funded to deliver. We provide access to insight, broker relationships and share expertise and best practice to help them work efficiently and effectively.

In 2015–16 we applied our Payment for Results performance management system for the third time. It is a key feature of our 2013–17 funding agreements with 46 national governing bodies (NGBs). It is a system of financial, visual and operational management levers that we use to incentivise the right behaviours, bring about positive change and ensure our strategic outcomes are delivered.

This year, 20 NGBs missed one or more NGB targets. We are not automatically withdrawing funding but are working closely with each organisation to firmly address the areas of concern. Three sports – angling, badminton and sailing – have been given specific measures and we will decommit investment if they don't hit agreed targets within a set timescale.

INVESTING IN SPORTING FACILITIES



	INSPIRED	PROTECTING PLAYING FIELDS	IMPROVEMENT	STRATEGIC	TOTAL
Total invested	£111M	£22M	£42M	£53M	£228M
Total No. of projects	2086	455	127	36	2,704
Partnership funding*	£174M	£18M	£87M	£560M	£839M

*Partnership funding is when our investment generates additional funding from other organisations.

UNCOVERING INSIGHT. CHANGING BEHAVIOUR.

**SUCCESSFUL BEHAVIOUR CHANGES PROGRAMMES START
WITH UNDERSTANDING WHAT LIES BENEATH. INSIGHT IS KEY.**

Understanding attitudes to sport

Changing people's behaviour by encouraging them to do sport and physical exercise is an immensely challenging task.

We know that we need to understand both the practical and the emotional barriers that deter people from taking part if we are to change their behaviour.

The first step is understanding people's relationship with sport and exercise. What are the attitudes and motivations that keep them playing or stop them taking part? Is sport a normal part of their lives or not? What is it that makes them feel like that?

Using data to change behaviour

Insight is at the heart of decision making at Sport England, and we are working hard to create an environment where its value to sport is recognised across the sector.

Our insight team researches people's behaviour and analyses data, so we can better understand a whole range of mind sets, behaviours and lifestyles. We don't just focus on people's attitude to sport but how they use their leisure time, what motivates them to behave in certain ways and what encourages them to make changes and establish new routines.

This is the best way to guarantee that we back the right mix of programmes to spark an ongoing interest in sport and fitness for wider groups of people.

Over the past few years, we've built a hugely detailed picture of who is playing sport by activity, geography and over time.

A new approach to research

However, to ensure all our information is relevant and up-to-date, it's crucial we remain at the forefront of advances in measurement.

This year, we've adopted new and alternative approaches that reflect changes in technology and survey methods.

After careful piloting and testing, extensive consultation with stakeholders and expert technical advice, we began collecting data for our new Active Lives Survey in November 2015.

Active Lives will replace the Active People Survey, and will give us a broader understanding of an individual's engagement with sport, physical activity or other leisure pursuits so we can really understand how people are using their leisure time. It will ask about activity over the last 12 months, not just the last 28 days, and covers playing, volunteering and spectating. It is being carried out in collaboration with Public Health England, the Department for Transport and the Arts Council England.

So rather than a snapshot of recent sport activity, we will be able to develop a 12-month biography of sport, physical activity and cultural engagement for every respondent. We will have an improved understanding of individuals' habits and clarity on how different activities interplay.

Understanding the type of things that people like to do – sporting or otherwise – will help us and our partners develop the programmes, projects, campaigns and initiatives that will encourage more people to take part.

Carried out by research company Ipsos MORI, the new survey design means people can respond online on their PC, laptop, tablet or smartphone, alongside the traditional paper method. The overall sample size will be 198,250 people with a minimum sample size per local authority of 500 people.

We can use this data to generate insight that means we can confidently make the best possible investments to inspire more people to get active and promote insight-based decision making across the sector.

ENGAGING YOUNG PEOPLE IN THE WAY THAT'S RIGHT FOR THEM

Young people have complex relationships with sport and physical activity based on their unique personalities and experiences. They use both their heads and hearts to make decisions. To encourage them to get and stay active we need to understand how they think and feel about physical activity.

Published in 2014, our Youth Insight Pack revealed findings that helped our partners around the country engage young people aged 14–25. Since then, the insight has been applied by clubs, leisure operators, event organisers, colleges and universities throughout the country.

But we knew there was more to learn.

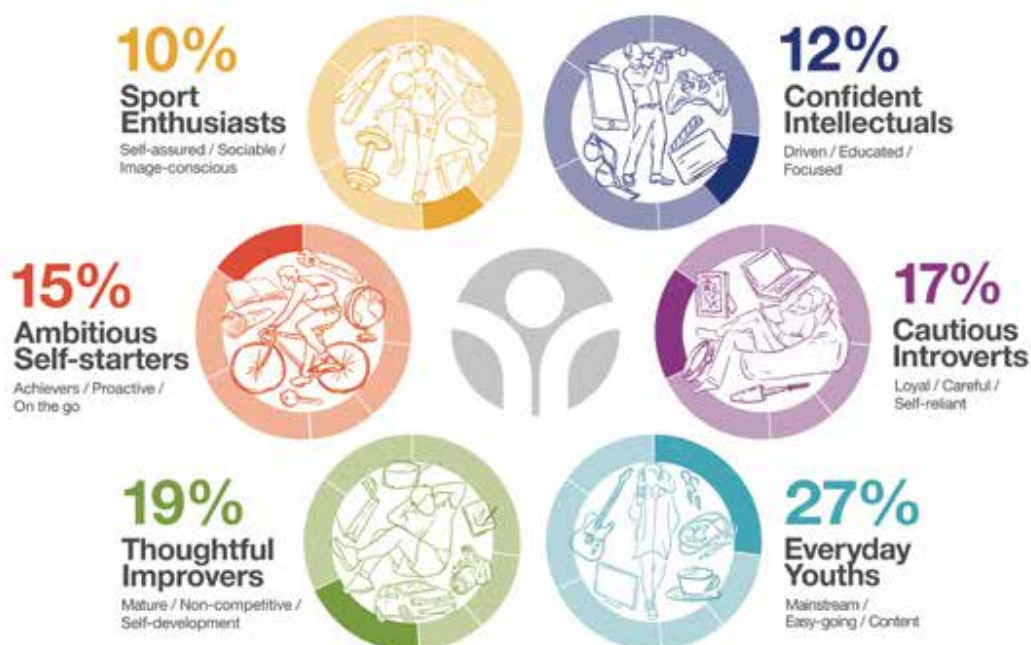
We worked with research agency YouthSight to identify six youth personalities for our report *Under the skin: Understanding youth personalities* to discover the best way to reach out to young people.

This is the first time we have looked at an audience holistically and it enabled us to describe six distinct personalities so we and our partners can work in a more targeted way.

Our new engagement panel features young people who reflect these segments, ensuring we have an ongoing dialogue with young people so that their ideas and views can be heard and mirrored in the work we do to encourage more engagement in sport.

THE SIX YOUTH PERSONALITIES

Key traits and group size



The group size shows the proportion of young people aged 14 to 25 in England in each personality.

**SETTING
TARGETS.
REACHING
GOALS.**



OUR PAYMENT FOR RESULTS APPROACH TO INVESTMENT ALLOWS US TO ENCOURAGE AND REWARD INNOVATIVE ORGANISATIONS WHILE MAINTAINING FUNDING LEVELS FOR EACH SPORT.

We expect results from organisations tasked with getting people active

Since 2013, we have invested nearly £400m into 46 national governing bodies (NGBs), each charged with increasing the number of people playing their particular sport and helping talented individuals to fulfil their potential.

The results of this investment are monitored by our Active People Survey, as long as the sport has enough players to establish a statistically significant sample size. We use a Payment for Results performance management system to encourage NGBs to improve their impact and deliver the outcomes in which we are investing.

THIS SYSTEM HAS THREE LEVERS:

FINANCIAL

We can withdraw or decommit funding



VISUAL

We talk directly to under-performing NGBs and may share our disappointment in their results with the media



OPERATIONAL MANAGEMENT

We challenge NGBs to fix specific organisational issues



In 2015–16, 20 NGBs missed at least one NGB target. Encouragingly, eight of these still showed overall growth in the number of people taking part. The remaining 12 attended panel presentations to discuss their performance and identify changes that needed to be made.

The results of this process were announced in March 2016. Despite the missed targets, we agreed not to de-commit any investment immediately and will instead focus on helping the relevant NGBs transition to the approach and priorities outlined in our new investment principles.

We expressed our disappointment publicly and privately, and worked with the NGBs to identify the operational and management issues they needed to tackle.

Two NGBs were told they were in danger of losing money if they don't make key changes. The Royal Yachting Association will lose 20 per cent of its funding (£193,000) if it does not meet its special conditions by August 2016; Badminton England has until June 2016 to meet its conditions or potentially lose 10 per cent (£234,000). We have already focused 10 per cent of The Angling Trust's award (£41,194) on disability participation.

Reinvesting de-committed money

When money is taken away from the governing body, we find and fund other partners within the same sport who can deliver the desired result.

Following a sharp drop in the number of people swimming regularly, we withdrew £667,895 from the Amateur Swimming Association in March 2015. We have now invested this funding in a series of pilots that trial different ways of getting people back into the pool.

We also reinvested £81,744 earmarked for the British Equestrian Federation into projects run by the Riding for the Disabled Association and British Blind Sport to increase the number of disabled people taking up riding.

Supporting innovative projects

Our reward and investment fund also allows us to invest in exciting projects that test new approaches or target specific groups.

The £452,000 we withdrew from Rugby Football League when it failed to meet its participation target for the '14s and overs' was reinvested into five rugby league projects targeting the same age group.

This included a Play Rugby League in Cumbria project delivered by the county sport partnership Active Cumbria. It tapped into the county's rugby league heritage and explored innovative ways of working with local communities.

London Rugby League Foundation received £100,000 to create non-contact tag rugby leagues in higher education universities across the capital. Crucially these tap into the social side of undergraduate life.

Meanwhile our £85,000 grant to the Falcons Community Foundation has helped more women and girls play rugby league in the north east. The programme including development squads for 14+ and 16+ girls, university touch rugby centres and rugby league boot camp fitness sessions.

"This is a new sport for most of the girls and we have taken a different approach to helping them become more confident in their own abilities," says the foundation's development officer, Rhys Clarke.

"The feedback we have been given from the teachers is that the girls are really engaged and are enjoying playing a sport with more of a contact element. The teachers are also pleased with how inclusive the sessions have been and the girls who do not usually take a leading role in PE have been getting stuck in and giving it a go."

This investment was further supported with a grant of £68,000 to Rugby League Cares to support the projects, keep them focused on outcomes and share their learnings.

Well managed and properly-run organisations

As recipients of public money, it is important that NGBs are properly, effectively and efficiently run. We invested £800,000 into NGB leadership development and recruitment last year.

We have challenged NGBs to make sure that their Boards are more diverse and feature a mix of skills. Now, 30 per cent of governing body Board Members are women, compared to 22 per cent in 2014.

Our High Performing NGB tool has been helping NGBs analyse their strengths and weaknesses in six key areas – direction, people, insight, planning, execution and responsiveness – and establish clear action plans that address any gaps.

"It challenged our Board to critically think about where we want to be in the next five years," says Ross Perriam, chief executive of Exercise Movement and Dance Partnership. "And whether we truly understand how best to use our strengths and work on our biggest challenges to get there."



HALTING SWIMMING'S DECLINE

We are tackling the decline in swimming by making swimming more visible and relevant on a day-to-day basis, developing a more appealing casual swim offer and providing more accessible opportunities to learn to swim for the fifth of adults that cannot swim.

These pilots are still in their early stages and are being continually evaluated so we can share the lessons learned with pool operators not currently involved.

We are also exploring the role of technology in luring lapsed swimmers back into the pool, responding to the needs of disabled swimmers and offering support to help small leisure operators improve customers' experience.

During the summer our Great Swim Local project introduced 1,150 people to open water swimming at Salford Quays, Greater Manchester.

Furthermore, our Adult Learn To Swim pilot is giving non-swimmers the chance to learn how to swim in a non-judgemental, supportive atmosphere.

A confident swimmer when he was young, David had lost his nerve but was embarrassed to admit it. Taking part in free, adult-only drop-in sessions gave him the confidence and enthusiasm to get back in the pool and regain his skills. "The swimming instructor is great and really helpful," he says. "I can learn a lot from her."

(Source: Future Thinking)

This Girl Can Swim sessions tackle many of the emotional and practical barriers that put some women off swimming. Music, poolside hooks for robes and towels, and friendly helpers all create a less intimidating, more relaxed atmosphere.

Since we launched, we have seen a steady increase in the number of women attending sessions across the different operators.

It has meant that Adeeba – who was unconfident, afraid of the water and, as a Muslim woman, unable to swim in front of men – could follow her GP's advice.

"I JUST WANT TO GET IN AND PLAY WITH THE WATER BECAUSE MY DOCTOR SAID IT WOULD BE GOOD FOR MY ARTHRITIS"

ADEEBA

Adeeba says "It's really great for me – it's the best kind of exercise. I wouldn't be able to do it if there were men here."

Shirley is a confident swimmer who loves This Girl Can Swim sessions because of the friendly atmosphere. "The size of the pool and the fact that it's just women is great," says Shirley. "The music keeps the nerves down and really motivates you."

(Source: Future Thinking)



DEVELOPING SKILLS. CREATING LEADERS.

THE GOVERNMENT'S NEW STRATEGY FOR SPORT PLACES A SIGNIFICANT EMPHASIS ON THE SPORTING WORKFORCE.

We have spent much of 2015–16 preparing for this and determining our long-term priorities. We have also continued to deliver several successful programmes in all aspects of the workforce: volunteering, coaching and paid professionals.

Volunteering

Sports volunteering has traditionally been seen as way of getting more people to play sport. You need volunteers to put up the nets, drive the minibus or marshal the race. The Government's strategy has a welcome change in emphasis. It recognises the value of volunteering as an end in itself, and challenges the sector to create more volunteering opportunities and to ensure volunteers are more representative of society as a whole.

Sport and physical activity already has an estimated 6 million people regularly performing unpaid tasks, making it the third largest volunteer sector after education and religion.

Increasing that number is going to be tough. We need to ensure there is something to appeal to volunteers who can help out occasionally, as well as the traditional model of one person making a big regular commitment over a number of years.

Other sectors – youth groups for example – often now rely on teams of volunteers who regularly cover for each other, whereas previously they might have relied on just one or two individuals. Creating and promoting new types of volunteering opportunities will also help us appeal to new types of people from a more diverse range of backgrounds.

Over the last 12 months we have invested time and effort in understanding not only the current unpaid workforce in sport, but also the scale, type and motivations of people giving their time to other sectors.

We've learned a huge amount and have made many new connections, such as with youth volunteering organisation vInspired, which will form the basis of a new approach to volunteering later in 2016, focusing on increasing diversity and scale.

Coaching

This year we created the basis of the first-ever coaching plan for England, and are now developing an action plan for the sector. This is the result of a year's worth of consultation throughout the sport industry and several others where coaching and instruction play a significant role, such as corporations, national charities, teacher training and uniform and faith groups.

The next 12 months are all about implementation. Our national coaching agency, sports coach UK, has been tasked with creating the changes needed to deliver the principles in the coaching plan for England, which will address four major topics:

1. Improving the customer experience by offering them the coaching services they want, when and how they want it.
2. Fitting coaching into people's lifestyles so it is easier to do.
3. Using insight to improve coaching at every level.
4. Understanding how coaching can increase participation, decrease inactivity and support talent.

In addition to the new coaching plan, our day job of improving standards and increasing the number of qualified coaches has continued.

In the last 12 months we have:

- Delivered 1,884 coaching courses
- Trained 26,653 people
- Run more than 100 workshops for disability community groups
- Created a dedicated programme for nearly 300 talent coaches

We have also supported NGB development programmes which have resulted in over 50,000 coaches gaining accredited qualifications.

Professional workforce

We have recognised in recent years that the growing sport industry needs to invest in its people and especially in the quality of its managers and leaders. We have concentrated on two programmes designed to improve the skills of those running community sport at national level.

Leading Edge is for chief executives responsible for managing NGBs and other influential organisations in sport. This year another 15 CEOs have been sponsored by Sport England to undertake a programme to develop their strategic thinking, leadership skills and management techniques. Run in partnership with UK Sport and delivered by expert practitioners in each field, Leading Edge continues to shape the senior personnel of community sport.

"I never manage to find enough time to step back and reflect," says Ed Bracher from Riding for the Disabled Association. "Leading Edge has not only provided this opportunity, but in a structured and inspiring way that has enabled me to confidently put in place new ideas and practices that will make a significant difference to this organisation."

The Cranfield Leadership and Management Development Programme has just completed its fifth year with 44 delegates graduating. For the first time it has included not only directors of development or community sport, but also a cohort of national managers who aspire to be the next generation of senior leaders.

Delivered by Cranfield University, one of the world's best business management schools, delegates have found the experience personally and professionally valuable.

"The bespoke experience opened my mind to business techniques and practices and taught me many things about myself aiding the transition from management to leadership," says participation director at England Rounders, Dan Newton, who took the course in 2014–15. "The opportunity to spend time with like-minded people was invaluable: listening to detailed accounts of their challenges opened up solutions to many of the individual challenges that I was facing."

The next 12 months will see Sport England's professional workforce ambitions grow beyond the senior, national leadership level.

There is much to be done in the sport industry in terms of recruitment, retention and skills development at all levels and in all environments. This will start with strong support for sport's newly established Chartered Institute for the Management of Sport and Physical Activity (CIMSPA), and its ambition to create clear career pathways and professional development throughout the industry. If successful, CIMSPA will make the sport industry not only attractive to the highest calibre of new graduates, but will also help to attract those with the best developed skills from other more mature sectors.

PROJECT 500: IMPROVING RITA'S COACHING SKILLS

Project 500 is training 1,200 female coaches in the south east of England – and women such as Rita Hollingworth prove that it's never too late to get into coaching.



The 68-year-old has always been an avid runner. When she joined Abingdon Athletics Club, she discovered she loved helping friends get ready for races. Rita started training people and completed a coaching course run by Project 500 and the Oxfordshire Sports Partnership.

"It felt like a good idea to gain more knowledge and to coach people on a proper footing, both with the informal group and the athletics club," Rita says. "I'm probably a little long in the tooth to be doing this, but hopefully a lot of younger female runners will be inspired to become coaches. A high percentage of new runners are women, so I think more women coaches as role models would be a fantastic encouragement."

WORKING LOCALLY. STRENGTHENING COMMUNITIES.

***WE ARE WORKING STRATEGICALLY WITH LOCAL
AUTHORITIES TO HELP THEM CREATE SPORTING
ACTIVITIES THAT ACHIEVE THEIR MOST IMPORTANT
HEALTH, MENTAL AND SOCIAL OUTCOMES.***

In a tough financial climate, sport can no longer assume that its traditional investors have the funds to maintain their level of commitment.

So while local authorities remain its biggest backers, investing £1.2bn in sport in 2014–15 and forecast to add another £1.3bn this year, they now need to show that every penny they invest is well spent and will benefit their communities.

Sport has to prove what it can do to help a local area become healthier and happier, build stronger communities and grow its economy.

In 2015, together with the Chief Cultural and Leisure Officers Association, we developed a new strategic commissioning model which brings together a range of partners, including local authorities, public health bodies, adult services and county sports partnerships, to work together and enable communities to be more active.

Commissioning is the process by which local authorities and their partners look at the needs of communities, prioritising how they use the total resources available in the most efficient, effective, equitable and sustainable way. It starts by identifying a need and then uses insight and evidence to respond to that need.

For example, a high-level outcome could be improved health and wellbeing with a secondary, supporting outcome of relieving long-term conditions such as diabetes.

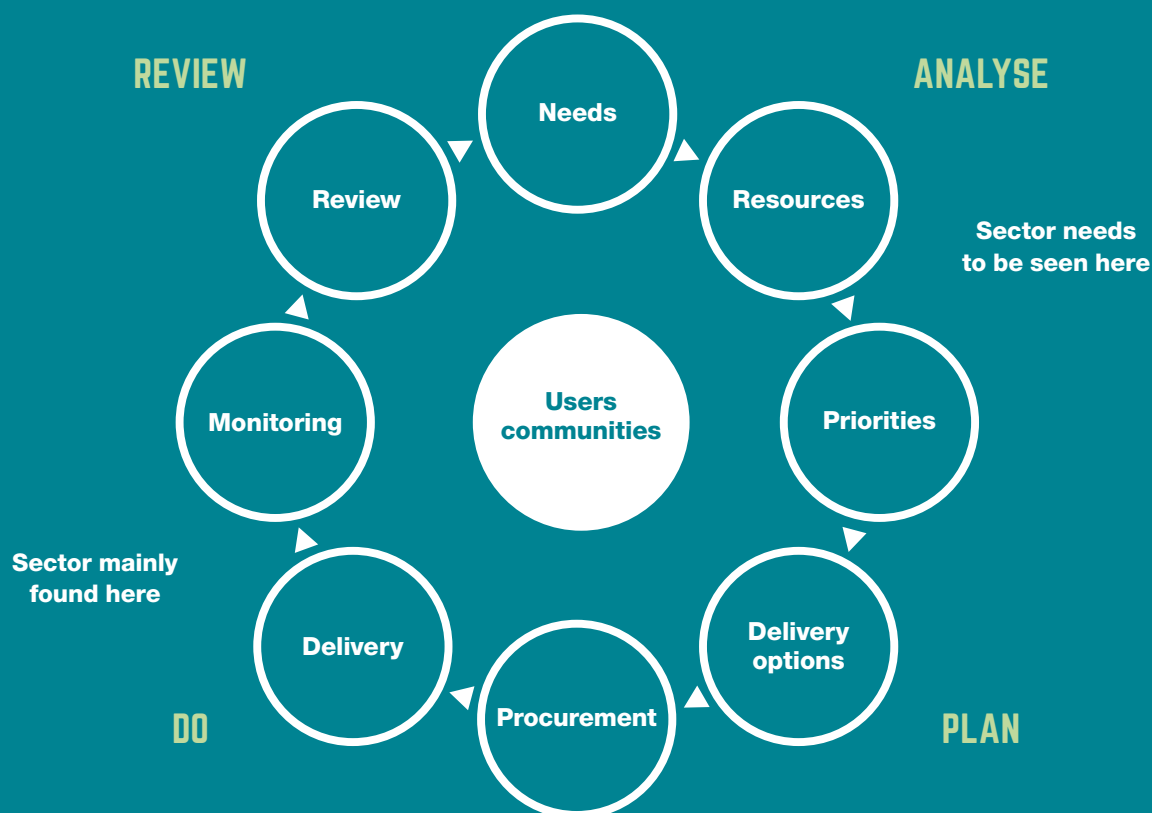
The Commissioning Model on page 21 helps improve local authorities' sports teams understand the needs and priority outcomes of key local commissioners and demonstrates how sport and exercise can help achieve this.

This could mean changing the activities on offer to attract the target audience and adding sport and physical activities to new programmes such as mental health care and dementia support.

Throughout the project we worked with expert advisors to offer close support with advice from our local teams, insight and data, as well as funding, to ensure the project is well-led and effectively delivered. The local authorities benefiting from our support were: Central Bedfordshire, Cornwall, Durham, Hertfordshire, Lambeth, Oldham, Stoke-on-Trent and West Oxfordshire.

THE COMMISSIONING MODEL

The Commissioning Model seeks to move a local authority's focus away from short-term demands and towards strategic planning on key priorities.



Making Hertfordshire healthier

Last year one area benefiting from our commissioning model was Hertfordshire. The model brought partners together to explore how sport and exercise could improve the health of the county's 1 million people.

The project was challenging. Hertfordshire has two tiers of local government with a currently fragmented approach to physical activity in communities. The area needed a collective, organised approach to tackle problems common across the county, such as widespread inactivity, avoidable diseases and disabilities.

Our project helped the sport and physical activity team to work with GPs, Hertfordshire's Public Health Director, social workers and the Herts Sports Partnership to find solutions and identify how we could improve the county's participation levels.

Our effort transformed a loosely connected network into an organised partnership that led to a new action plan and joint-funded project: Hertfordshire Get Healthy, Get Active, which was subsequently renamed Active Herts.

Supported by us with £300,000–£500,000 from the local NHS and £200,000 from Public Health – this three-year scheme is helping inactive adults in deprived areas who are at risk of or already experiencing cardiovascular or mental health issues, get active. It provides four Get Active Specialists in GP practices and Mind Wellbeing Centres to help people improve their fitness levels.

Hertfordshire Public Health also invested £500,000 into improving disabled access to exercise across the county.

Disabled toilets, parking and changing facilities have been provided at Gosling Sport Park and Stanborough Park – with the latter also receiving an accessible slipway to give disabled swimmers access to open water swimming.

Meanwhile two hoists at Hatfield Swimming Pool have created more flexible opportunities for disability swimming. This has proved particularly important for Platypus Swimming Club for disabled swimmers which takes over the pool every Sunday.

348,000 EXERCISE SESSIONS

WERE HELD AS PART OF GET ACTIVE, AND OVER 75,000 PEOPLE REGISTERED TO TAKE PART IN THE PROJECT, 45 PER CENT OF WHOM WERE INACTIVE AT THE TIME OF SIGNING UP. THIS HAS CONTRIBUTED TO A 3.6% INCREASE IN THE NUMBER OF PEOPLE GETTING ACTIVE IN LEEDS, ACCORDING TO OUR ACTIVE PEOPLE SURVEY.

In Rickmansworth, Sir James Altham and William Penn Leisure Centre now has innovative pool pods that were originally designed for the London 2012 Paralympic Games. "It has transformed pool access for those residents with a disability or who struggle to get in and out of a swimming pool, such as elderly people, pregnant women or those with limited mobility," says Three Rivers District Council Lead Member for Leisure, Community and Wellbeing, Chris Lloyd.

Teresa Heritage, Executive Member for Public Health, Libraries and Localism at Hertfordshire County Council says: "This demonstrates what county, districts and other partners can achieve when we work together. Improving access to physical activity for disabled people was an early win for everyone."

Helping Leeds become England's most active city

Leeds City Council needed our help as it worked to achieve its ambition to become the most active big city in England.

We have invested £500,000 into the Leeds Let's Get Active project over the last three years, backed by the city council and Public Health and working closely with Leeds Beckett University as the projects research partner. It offers free sessions to all in both leisure centre and community-based settings, promoted via an initial marketing campaign and through the support of a huge range of local partner organisations.

More than 348,000 sessions have now been attended as part of Leeds Let's Get Active, and over 75,000 people registered to take part in the project, 45 per cent of whom were inactive at the time of signing up. This has contributed to a 3.6% increase in the number of people getting active in Leeds, according to our Active People Survey.

The initial two-year project has been extended using local public health funding, and the approach is being used to shape future programmes.

Working with the core cities

The Core City Group brings together eight English cities outside London to drive economic growth. These cities – Birmingham, Bristol, Manchester, Newcastle, Nottingham, Leeds, Liverpool, Sheffield, and their surrounding urban areas, are home to 16 million people, almost a third of the English population. Working with them to create sustainable environments and local offers that help their inactive residents become active will go a long way to increasing overall levels of participation.

We share best practice and address common challenges across the group as well as working with them individually on specific issues.

In Birmingham, our investment has expanded its Active Parks programme from five parks to 80. It is targeted at inactive people in the city's most deprived wards and is already beating targets. In just one year this has already persuaded 6,013 people to get active in 35 parks, and over 80 per cent are from Black, Asian and Minority Ethnic backgrounds (BAME).

Our help in developing a new partnership with the Clinical Commissioning Group in Liverpool has led to them investing £2.9m in sport and physical activity opportunities.

Meanwhile Manchester City Council has used our Facilities and Planning Model to rationalise its ageing stock of swimming pools. Four outdated pools were closed and three new ones were opened with £27 million of council investment.

The city then used our Affordable Swimming Pools Guidance and Procurement Toolkit to create a new operating model for the facilities which means the annual council subsidy is due to fall from £4.2 million to £1 million by 2018.

“We place tremendous value on our relationship with Sport England, both through the work that they undertake with us as an individual city, and then also through the collective coming together as a group of eight core cities that they facilitate on a national basis.

“Specifically, of direct benefit to us has been the expertise, tools and insight that Sport England has developed and shared about interventions that work and best practice – both nationally and locally. We also greatly value their role with us, sharing ideas about other ways of working that could be developed either locally or in collaboration nationally.

“Our relationship with Sport England is so very much more than just a potential source of funding. They have clearly positioned themselves with us as a key partner for the city and the future health and wellbeing of our citizens.”

Cllr Ian Ward, Deputy Leader,
Birmingham City Council





Under these
gloves
is a beautiful
manicure.



INSPIRING WOMEN. CLOSING THE GAP.

**OUR THIS GIRL CAN
CAMPAIGN SUCCESSFULLY
PERSUADED MORE
WOMEN AND GIRLS TO
GET ACTIVE, SHRINKING
THE GENDER GAP AND
INCREASING PARTICIPATION.**

How This Girl Can campaign is inspiring millions of women to get active

In 2015, around 1.7 million fewer women than men played sport. Despite many projects and programmes aimed at closing this gender gap, it has hardly narrowed since we began collecting data on how many people play sport.

In 2014 we decided to take a different approach. Our insight revealed that while women play significantly less sport than men, 75 per cent of women tell us they would like to exercise more. This made us realise that we had to take a completely different approach. We began developing the This Girl Can campaign, using behaviour change models to address the fear of judgement which is at the heart of the problem.

Motivating women

Through digital channels, TV ads and billboards, This Girl Can celebrates real women and the reality of exercise for most: cellulite, sweat and jiggling. With inspirational mantras like “Sweating like a pig, feeling like a fox” and “I kick balls, deal with it”, and featuring un-airbrushed images of relatable women, the campaign aims to change women’s perceptions of exercise – and motivate them to take part.

The initial campaign was launched in January 2015 and comprised two phases of above the line advertising activity during 2015 (one five-week burst in January and a second shorter burst in June), underpinned by a fully integrated PR and social media campaign.

Further publicity was generated through successful partnerships. We joined forces with Marks & Spencer to launch a range of This Girl Can branded clothing, bringing in 8 per cent of sales to fund projects that support women and girls. This literally put our brand onto streets, running tracks and into gyms across the country.

Knowing that the This Girl Can audience is motivated by seeing women like them exercising and by doing things for good causes, we also partnered with Sport Relief to raise money for women and girls in the UK and overseas.

The campaign has commanded significant support within the sport sector, with over 8,000 organisations signing up as This Girl Can supporters. Many of these are directly delivering activity sessions for women and girls. All have been able to download a toolkit with poster templates and marketing materials to help them promote their own This Girl Can activities.

2.8 MILLION

**14-40-YEAR-OLD WOMEN WHO RECOGNISE THE CAMPAIGN SAY THEY HAVE DONE SOME OR MORE
ACTIVITY AS A RESULT, 1.6 MILLION OF WHOM SAY THEY HAVE STARTED OR RE-STARTED EXERCISING.**



2.8 million women doing more

Based on a quantitative survey by TNS/BMRB, 41% of 14–40-year-old women who recognise the campaign say they have done some or more activity as a result. This represents 2.8 million women in England, 1.6 million of whom say they have actually started or re-started exercising.

The DCMS Scientific Advisory Council, which provides independent scientific and technical advice and assurance to the department, reviewed this research. They were positive about the campaign itself and the nature of our impact evaluation. They also noted that the lessons learned could be applied to different demographics such as disabled sports participation and older age groups, as well as different DCMS sectors such as cultural participation.

By our toughest measure, our Active People Survey, 148,700 more women are now active for at least 30 minutes once a week, every week. Bucking the normal trend, the number of women playing sport and being active is increasing faster than the number of men, and the gender gap has begun to narrow slightly – from 1.78 million to 1.73 million.

We have directly engaged with women and girls across England including over 37 million views of the This Girl Can films on YouTube and Facebook; over half a million women and girls have joined the This Girl Can digital community.

The campaign hashtag #ThisGirlCan was used over 660,000 times in the first 11 months of the campaign and the campaign has been talked about on social media every day since its launch. The campaign has also won 50 national and international awards, including the 2015 Cannes Lion Grand Prix for Good, awarded in conjunction with the United Nations.

More work needed

There are still 1.73 million fewer women than men playing sport – so our work is far from over. We must continue to emphasise the message to women themselves, and also the sector, that women come in all shapes and sizes and levels of ability, and that they should all feel that sport is a place for them.

In March 2016 our Board agreed to further invest in This Girl Can, subject to necessary permissions from DCMS, until 2020.

“I WOULD LIKE TO CONGRATULATE YOU AND YOUR TEAM ON THEIR SUCCESS AND REITERATE MY SUPPORT FOR WHAT IS AN INSPIRING AND EFFECTIVE CAMPAIGN TO ENCOURAGE UPTAKE IN PHYSICAL ACTIVITY AND SPORT.”

PROFESSOR DAME SALLY C DAVIES, CHIEF MEDICAL OFFICER



THIS GIRL CAN RUN

Many women are interested in running but need encouragement and support before lacing up their trainers. That's why we worked with England Athletics to create This Girl Can Run.

The campaign uses how-to guides, personal stories and motivating mantras such as 'A 20-minute mile is as far as a 10-minute mile' to normalise running and help women manage the fear of judgement.

In December 2015, research by Women in Sport showed that more than half of the 61,000 women who joined the This Girl Can: Running community were running more often compared to the previous six months, with 81 per cent of women new to running and 61 per cent "returning" to running regularly and enjoying their chosen sport.

CHESHIRE GIRLS CAN

As part of Active Cheshire's commitment to getting 50,000 people more active by 2017, it launched an innovative scheme with local hairdressers to help women improve their fitness. As the stylists chatted to customers while cutting their hair, they talked about fitness and encouraged them to take part.

Women signed up to join in regular exercise classes, receive nutrition advice and go on organised healthy food shopping trips. Active Cheshire supported them with regular texts, emails and phone calls. To keep motivation levels high, the women received a free haircut and finish every four weeks and were treated to a makeover when they completed the programme.





ENGAGING YOUNG MINDS. IGNITING AMBITION.

**IT TAKES EMPATHY AND UNDERSTANDING TO KEEP SPORT
AND PHYSICAL ACTIVITY ON YOUNG PEOPLE'S RADARS
AS THEY START TAKING CONTROL OF THEIR LIVES.**

The journey to adulthood can be turbulent. Sport can become a low priority for many young people as they grapple with changes in their lives.

As teenagers leave school and move on through college, university, training or work, many don't prioritise the time to keep fit. They no longer have timetabled PE lessons so it can fall by the wayside.

Sport boosts wellbeing

This can be a big loss. Exercise clearly boosts physical and mental wellbeing and helps build and maintain social networks as teenagers move into adulthood.

That's why we focus both heavily, directly and through our funded partners, on a range of programmes and projects to support school, college, university and community sport.

Our report *Under the Skin* built on the findings in our Youth Insight Pack from 2014 delves deeper into the lives of nearly 2,000 people aged 14 to 25. With this research, we have created and shaped the best possible programmes to appeal to young people.

Creating links to keep young people active

Our satellite clubs create links between schools, colleges and community sport, helping young people as they move from one to the other. Thanks to them, more than 370,000 young people

are getting active at over 8,570 clubs. We are on track to hit our target of offering a satellite club to every secondary school in England by 2017 and have already exceeded our target of 5,000 clubs.

The satellite club that 15-year-old Jordan goes to has helped her turn her life around. She previously lacked confidence and didn't play any sport. When she joined the Batley Bulldogs Rugby Football League Satellite Club, her confidence soared. Jordan is now a starter in the team that won the under-15s Yorkshire Championship and the club has supported her to join the team on a tour to Australia.

Introducing 700,000 young people to sport

Our Sportivate scheme encourages inactive young people to discover a sport they enjoy by taking part in six to eight free or subsidised sessions. Critically, the project then finds them somewhere easy and cheap to carry on. Almost 700,000 young people have become involved, of which 580,000 have completed their coaching sessions. More than 85 per cent continue in their chosen sport three months after completing the programme.

Shy 20-year-old Fariyah Safah was apprehensive when she joined the Sportivate England Boxing Muslim Females project in South Yorkshire. But she found it fun, safe and a great way to cement existing friendships and make new ones.



Fariyah is now a One Nation Ambassador who encourages other women to get active.

Helping college students get fit

A tight budget or timetable, bad experiences of school sport or a simple lack of knowledge about what local opportunities there are can all deter a young person at college from taking part in exercise.

Active Colleges features two programmes – College Sport Makers and the Further Education Activation Fund – both designed to get college students active. They tackle the barriers that can stop college students from doing exercise.

There are now 153 College Sport Makers and 121 Further Education Fund Projects in 257 colleges all of which are having an impact. Students at an institution with a College Sport Maker in place are 2.5 per cent more active than other people their age; while the activation fund funded colleges have seen an increase in participation of 5.5 per cent. Much of these increases have come from groups with traditionally lower levels of participation, including women, disabled people and BAME students.

Eighteen-year-old college student Kashif Yakoob always discovered a natural talent for basketball. After a successful year honing his skills as part of the College Sport Maker programme, Kashif started to run the sessions and has been able to complete a coaching qualification.

Backing sports projects at 63 universities

With the distraction of a new place to live, lots of new friends and many a night out, sport can be low on the to-do lists of most university students.

Our University Sport Activation Fund has tackled this with 62 sports projects in 63 universities.

Overall, the projects involved 88,000 students across the country. They focus on groups with lower participation rates and as a direct result, more female, disabled and ethnic minority students are now getting active, according to our Higher Education Sports participation survey, which canvasses the attitudes of 47,000 students from 70 universities across England.

One of the projects, Active Lifestyle, helped foreign student Ana cope with homesickness when she studied at the London School of Economics. The coaches encouraged her to get involved in exercise to meet new people. She is now training for a qualification in Zumba and encourages other young people to get active.

School Games

Over 20,000 schools are engaged with the programme, from these over 170,000 young people competed in county festivals, with the majority of competitors being girls or young women. The national finals were held in Manchester with 1,500 of the most talented young people competing in 12 sports and experiencing the thrills and pressures of a high performance multi-sport event. The number of schools receiving gold, silver or bronze School Games Marks in recognition of the quality of their sporting offer increased by 41 per cent on the previous year to more than 8,000.

57.6% OF 14-25 YEAR OLDS
PLAY SPORT FOR AT LEAST 30 MINUTES ONCE A WEEK



REMOVING BARRIERS. CREATING CHOICE.

**WE NEED TO LOOK BEYOND THE MOST OBVIOUS
BARRIERS IF WE WANT TO SUCCESSFULLY
ENCOURAGE MORE DISABLED PEOPLE TO JOIN IN.**

One in five people in England have a long-standing limiting disability or illness. A disabled person is half as likely to play sport as a non-disabled person.

This means a lot of people are missing out on the benefits of sport. This isn't good enough and we are determined to make sport a practical lifestyle choice for disabled people.

There has been some improvement over the past year: 1.58 million disabled people now play sport in England, up by 17,500 from May 2015, according to our Active People Survey. There is much more work to be done – sport needs to become more accessible.

Disability isn't always obvious

Part of the problem is the perception of disability within sport. Making the sector more open doesn't just stop at accessible lavatories and ramps – just one third of disabled people have mobility problems and under 10 per cent use a wheelchair. Practical changes to make facilities wheelchair accessible are vital but the barriers facing the majority of disabled people are more complex.

There are huge variations in the needs and preferences of disabled people and a one size fits all approach won't work. It's crucial we avoid making assumptions and listen more to people's needs.

Our 2016 report *Mapping Disability: The Facts* is an in-depth study of disabled people in England. These findings are helping us improve the choices and opportunities available for disabled people so they feel more at ease about being active and playing sport.

It revealed that when thinking about being active, the number of impairments, rather than the type of impairment, can be the main inhibiting factor. Almost 75 per cent of disabled people have more than one impairment, while one in five have more than three. Disabled people need to have confidence that all their needs –

emotional and physical – will be met, and not just the most obvious.

Training the trainers

We continued to invest in the Sainsbury's Inclusive Community Training programme, which had a particularly successful year. This scheme offers training to people who work with or support disabled people, such as health and social care students, physiotherapists, community volunteers, parents, carers and care workers. It's backed by Sainsbury's, sports coach UK and the English Federation of Disability Sport.

To date, we've trained more than 3,000 people who support disabled people in the community, delivered over 250 workshops and encouraged an estimated 30,000 disabled people to get active.

David Musson is a hearing-impaired volunteer with Warrington Wolves Charitable Foundation where he helps disabled children and young people get active - not just rugby league, but a wide range of sports adapted to include everyone who attends.

He signed up to a Sainsbury's Inclusive Community Training workshop to learn how to deliver a wide range of activities. "My confidence has increased," he says, "Which means I am now able to try new things with participants without fear and I have a better understanding of how to meet the needs of everyone who takes part. The training has even allowed me to encourage the foundation to buy new adaptive equipment. The workshop has inspired me to inspire others."

Reaching out to disabled people

We invested £271,867 into the London Legacy Development Corporation to extend the scope of the Motivate East project, which helps disabled people in seven East London boroughs take part in sport and exercise. Our original investment of £507,000 in 2014–15 supported 13,586 participants. The additional investment will sustain this and deliver a further 7,175 participants.

The project has expanded to appeal to a new audience, including people with mental health conditions including in-patients, chronic health problems such as cancer, HIV/Aids and long-term pain and intellectual or memory conditions like dementia.

We also support the Sport England Take-up Programme, designed to increase our understanding of disabled people's lifestyles and to discover what triggers them to exercise regularly.

More choice and opportunities

We've supported people with sensory impairments too, investing £142,500 into a project with parkrun. Initially we are researching the experiences of current and potential runners with visual impairments, and will use the findings to design and deliver pilot projects supporting individuals to take part and volunteer at parkrun events. We plan to roll the most successful of them out nationally, with an expected 450 weekly 5km events by December 2016.

We also partnered with Disability Rights UK to find ways of helping disabled people on personal budgets to access sport. Three partners support this project – Leicester Centre for Integrated Living, Cheshire Centre for Independent Living and Equal Lives in Norfolk.

1.58 MILLION DISABLED PEOPLE

NOW PLAY SPORT IN ENGLAND

ALMOST ONE IN FIVE

**PEOPLE IN ENGLAND HAVE A LONG-STANDING
LIMITING DISABILITY OR ILLNESS**

70% OF DISABLED PEOPLE ARE OVER 50

OVER HALF

**OF DISABLED PEOPLE EXPERIENCE
LONG-TERM PAIN**

ALMOST THREE QUARTERS


**OF DISABLED PEOPLE HAVE MORE
THAN ONE IMPAIRMENT**

(Source: Sport England's Mapping Disability: The Facts)



**NURTURING
TALENT.
FULFILLING
POTENTIAL.**





TALENT DEVELOPMENT ISN'T JUST ABOUT PRODUCING MORE WORLD CLASS PERFORMERS. WE WANT EVERYONE TO HAVE THE OPPORTUNITY TO FULFIL THEIR POTENTIAL, REGARDLESS OF BACKGROUND.

The journey that takes a young, talented sportsperson from showing promise to competing for their country can be both challenging and long. Overnight success can take 10 years or more to achieve.

Our talent investment of over £100m in the 2013–17 cycle was designed to help governing bodies in 43 sports identify talent and take it seamlessly through from school or club to county, regional to national levels, ready for possible selection to world class programmes.

Of course, we want to see more English athletes of an ever-higher quality joining the GB and England elite programmes and, ultimately, winning medals and trophies on the international stage.

But it's not just about future champions.

We want everyone in the talent system – regardless of their background or personal circumstances – to have the support and opportunities to go as far as their talent and effort will take them – be that county championship or Olympic podium.

So as well as providing investment and expertise to help governing bodies nurture all of their talented players, we also provide financial support to individuals with great potential but limited resources.

Backing the Best

An athlete may be naturally gifted and hugely dedicated, but a tight family budget often means they can't afford essential coaching sessions or travel costs to training and competitions.

Research by SportsAid shows it can cost parents up to £27,000 a year to help their child pursue a sporting ambition. Faced with this challenge, they may have to drop out and their potential will go unfulfilled. Meanwhile the advantage is given to those athletes lucky enough to have the money.

Launched in 2015, the £5.5m National Lottery funded programme Backing the Best, managed and delivered by SportsAid, aims to ease athletes' financial worries. The programme awards up to £5,000 on a case-by-case basis for essential costs like travel, accommodation, kit and support from coaches and physiotherapists, ensuring that talent and hard work are the keys to success.

IN ITS FIRST YEAR, WE GAVE 80 TALENTED ATHLETES FROM 34 SPORTS AN AVERAGE BURSARY OF £5,000.

Our other work with SportsAid also provides young talented athletes with financial support, personal development workshops and increased profile. We invested £330,000 into SportsAid in 2015–2016, enabling the charity to raise £1.2 million to help 1,200 athletes.

YOUNG TALENT

Among the young talents to be awarded a bursary is Lauren Rigby, who described it as a “massive weight off my shoulders”.

She didn't even realise women played rugby when she was inspired to give it a go after meeting some of England's women's players at Twickenham.

Fast forward six years and Lauren has just played against Canada in the England under-18s team.

Crucially, the award will allow her to have more time with a psychologist to help her cope with being away from home while chasing her rugby dreams.

“My parents have had to work extra time to give me this amazing opportunity,” says Lauren, who wants to one day win a World Cup medal playing for England.

INVESTING IN THE FUTURE

Hurdler Shona Richards is fulfilling her potential thanks to the support she has received from British Athletics UK Futures programme. As well as high quality technical coaching and international competitive experience, she also received intensive medical support following a broken collar bone in early 2015.

Shona won two silver medals at the World Junior Championships in the 400m hurdles and 4 x 400m relay. The following year she was fourth in the European Under-23 Championships. Aged 20, she has now been selected for the UK Sport's World Class programme.



Smooth and seamless pathways

Over the last 12 months, we have worked closely with UK Sport to clearly define what is required at the performance foundation phase of an athlete's development. This is when athletes require intense training, coaching and support to get them ready for selection to the World Class programme.

The transition, if it arrives, can be challenging. We need athletes to be ready for the rigorous mental, physical and emotional challenges that they will face at the top of their sport.

For example, England Hockey now invites talented players who aren't ready to be full time members of the GB squad to come and train with the team two weekends a month. And British Judo provides special training for members of the England squad at eight performance centres across the country.

We are also working on a specific pilot project with UK Sport and the sport councils in Wales, Scotland and Northern Ireland to improve the performance foundation experience for potential Olympic swimmers and cyclists throughout the UK.

By collaborating, we improve the depth and breadth of the talent pool and ensure that all talented young athletes have the opportunity to fulfil their potential, no matter where they live. We ultimately compete against Wales, Scotland and Northern Ireland for Commonwealth Games medals and team places so there is some friendly rivalry too.

"The UK Futures programme is providing high quality relevant support to our most talented young English athletes," says Neil Black, performance director for British Athletics.

"TO SEE NINE INDIVIDUALS FROM ENGLAND PROGRESS ONTO THE UK SPORT FUNDED OLYMPIC AND PARALYMPIC WORLD CLASS PROGRAMMES OVER THE LAST TWELVE MONTHS IS A SIGNIFICANT ACHIEVEMENT AND ONE WHICH CLEARLY HIGHLIGHTS THE IMPORTANCE OF SPORT ENGLAND TALENT INVESTMENT AT THIS LEVEL."

Measuring NGB progress on talent

To monitor the effectiveness our work, each talent-funded NGB is assessed against a number of targets and outcomes:

- Quality and quantity of athletes at the top of the talent pathway
- Breadth and scale – are there sufficient athlete numbers of appropriate quality at each tier?
- Progression – athletes are improving and moving up the pathway
- A quality measure based upon enhanced provision or a more effective talent system
- Disability talent measure

28 of the 45 sports and disciplines achieved all their outcome measures in 2015–16, 14 missed just one of their four or five measures and three failed to achieve two or more.

The results that athletes achieve are only as good as the system in which they train and perform. Over the last 12 months the Sport England talent team has helped seven sports (snowsport, disability football, sailing, netball, rugby league, disability swimming and swimming) review their entire talent pathway and identify improvements using the 10-stage Key Element Review. These seven sports are supported, challenged and encouraged by colleagues from many other sports so the lessons are shared, for all English athletes to ultimately benefit.



MAKING SPACES. UNLOCKING OPPORTUNITY.

OUR FACILITY INVESTMENT PROGRAMME ENSURES WE HAVE AN INFRASTRUCTURE OF HIGH QUALITY, SUSTAINABLE PLACES TO PLAY SPORT AND GET ACTIVE.

Facilities are a fundamental part of the community sport infrastructure. From pitches to pools, bowling greens to badminton courts – many sports need to be played somewhere specific.

But ageing stock, reduced local authority funding and demanding consumers are placing sports facilities under greater pressure than ever before.

Old fashioned swimming pools with run-down changing rooms don't generate revenue that can be used for refurbishment, as no one will willingly pay to swim there. Local authorities can no longer afford to make up the shortfall.

Sport England's facility investment strategy starts by focusing on what the community needs.

It aims to remove the need for ongoing local authority subsidy for sports facilities and supports a programme of rationalisation – replacing old facilities with higher quality, financially sustainable newer ones supported by partnership funding.

We work with local authorities, operators, architects and contractors within the sector to identify best practice and shape future strategies. This is supported by a suite of support, tools and guidance on areas such as facility design, procurement, asset transfer and flood management.

Our facility funding streams are focused on helping local authorities, clubs and community groups achieve the investment they need in

particular facility areas. Since 2011 we have invested £228 million into 2,704 projects and leveraged £839 million additional, matched or partnership funding.

Inspired Facilities

From roofs to boilers to floodlights to playing surfaces – our Inspired Facilities fund has improved the conditions at 1,830 clubs across the country since 2011.

They have generated nearly 8.5 million visits – 24 per cent ahead of the 6.8 million target. They are increasing the amount of time each club is used by an average of 35 minutes per week, per user.

Last year, we invested £6 million into 91 projects. Our funding has paid for heating at Wire Gymnastics Club in Warrington, built accessible changing rooms at Islington Boat Club and installed floodlights at Gosforth Lawn Tennis Club.

Paddock Wood Athletics Club now has an innovative 2-4-6 athletics track paid for by £10,000 it raised from its yearly half marathon and £140,000 Inspired Facilities funding from Sport England.

The track's unique design features two lanes around the first 200m, four lanes round the next 400m and six round the last 100m. Cheaper than a traditional eight-lane 400m track, it has given the club an all-weather training base and increased club membership by one third. The track is also used by two local schools, free of charge, during term time.



Protecting Playing Fields

Our £22 million investment into 455 Playing Field Projects since 2011 means that 1,119 pitches – equivalent to 3,800 acres – are now protected for 25 years.

It's also about quality. The 47 Protecting Playing Fields projects we supported with £3 million of funding last year will provide better playing surfaces that are more financially viable.

Go Sport Conyers, for example, is a community sport project that provides a variety of sporting activities to the local community as well as to students of Conyers School in Yarm, Cleveland.

The project involved two elements: the building of a brand new grass pitch and the levelling and re-grassing of the existing pitch to bring it back to life. The project received £50,000 from our PPF programme and £25,615 from Stockton Borough Council.

Before the investment, just one senior team played on the pitch for one 90-minute match a week. Now, 18 months after the works were complete, there are five senior teams and one junior team who use the facility for 21.5 hours every week. More people are coming down to watch and this has increased participation in other sports taking place there, generating income that can be reinvested into the not-for-profit community enterprise.

Improvement Fund

Our Improvement Fund focuses on helping local authorities ensure their facilities meet the requirements of today's demanding, modern consumers.

The 127 projects we have invested £42 million in since 2011–12 have received more than double the number of visitors (219 per cent of combined target) and individuals taking part (224 per cent of combined target).

In 2015–16 we focused our £4.6 million investment into 12 projects that are increasing participation simply by giving people a better, more enjoyable sporting experience.

Cleethorpes Leisure Centre underwent a major redevelopment in 2014 that included a full refurbishment of the wet changing facilities, converting the traditional segregated male and female change areas into a new changing village. The North-East-Lincolnshire-led transformation project was part funded by a Sport England award of £317,000.

Since the reopening of the leisure centre, the monthly attendance figures have increased from around 30,000 visits per month to 40,000.

It has also allowed the operator to organise classes and swimming lessons in a way that used pool time more intensively. Learn To Swim sessions have increased by 27 per cent as a result. A weekly disability swim sport session also takes place.

Operator Lincs Inspire Ltd has now adopted the same design principles across the borough, with other facility refurbishments following the same changing village layout. More families now use the centre, resulting in money being spent on refreshments, accessories and other services. This secondary spend has significantly improved the centre's business viability.

Strategic Fund

There's no point investing in a facility that is not financially sustainable so when we fund large, local authority centres through our Strategic (formerly Iconic) Fund, we also work with councils to produce effective operating models and business plans.

Since 2011 we have invested £53 million into 36 projects and generated £560 million in matched funding. The projects have produced an average annual revenue saving of £750,000 per annum. Most are running at a surplus because they are not only cheaper to run but more attractive to visit, generating greater, paying footfall. Together, the centres have beaten throughput (number of visits) targets by 119 per cent and participant targets (number of individuals using the centre) by 134 per cent.

This is giving local authorities the confidence to make capital investments as they know it will be cost-effective and well-used in the long run.

For example, Ashington Leisure Centre, which received £1 million of Sport England National Lottery investment alongside £20 million local authority funding, opened its doors in January 2015.

The new building is the focal point for local economic regeneration and combines a range of cultural and civic services such as the library, bringing in a wider range of people than a traditional sport centre would usually attract. It replaces an old leisure centre which attracted 160,000 visits a year and was losing £600,000 per annum.

The new one is forecast to at least double the number of visits in year one, peaking at 427,000 visits by 8,215 individuals in year five. It is expected to break even and be financially self-sufficient by year four.

Flood Relief Fund

We opened our Flood Relief Fund within three days of Storm Desmond hitting Cumbria, Lancashire and Northumberland in December 2015. It was extended to the whole of England once Storm Eva struck Yorkshire on Boxing Day.

Fast turnaround times are essential when dealing with a crisis. We were able to make an award decision, on average, in just over a week from receiving that first desperate phone call, often made when the caller was still knee-deep in water.

In total we have made 87 awards worth a total of £445,000, helping to bring life and normality back to devastated communities.



BOUNCING BACK

When Storm Desmond hit in December 2015, Carlisle Squash Club was flooded for the second time in 10 years, devastating its six courts, gym and offices. This left the city without any squash facilities – preventing the club's 680 members from playing the game as well as over 1000 school children from playing squash as part of their curriculum.

A Sport England grant of £40,000 allowed the club to quickly get four courts, the gym and the changing rooms back into action. It means that people in Carlisle can still play squash while bigger decisions about the club's future, its location and flood defences are considered.

"We are in the terrible position of not knowing what will happen to Carlisle Squash Club, which has been a centre of excellence for the sport for many years, and that our future, if it is to be secure, depends upon, among other things, Sport England," says Trevor Musson, chair of Carlisle Squash Club. "To be able to continue playing and maintain the high standards of coaching during the devastation has been a godsend – and that's thanks to your assistance."

PROTECTING PLAYING FIELDS FROM DEVELOPMENT

Sport England has a statutory role in protecting playing fields across the country. Local authorities must consult us if anyone wants to build a development on a playing field.

We always object if we believe this will have a negative impact on local sports provision. Often we will negotiate for a new facility to be built or existing pitches to be upgraded. This results in improved spaces for people to play sport locally.

In Cirencester, for example, a primary school was due to be moved to make way for much-needed housing. A local football club, which leased the

playing fields from the council, was worried about losing access to their pitches. We negotiated with the Gloucestershire County Council to replace the playing field with new land and guarantee access for the club.

A new housing development in Great Dunmow, Essex, did not provide adequate sports provision. The football pitches did not meet the FA recommended size making it difficult to hold games and the changing room facilities weren't sufficient. We successfully negotiated better quality facilities, a car park for sports-ground use and protective fencing, among a long list of other improvements.

SAFEGUARDING SPORTS PROVISION



92%

(1,176 OUT OF 1,272) OF **CONCLUDED PLANNING APPLICATIONS** RESULTED IN IMPROVED OR SAFEGUARDED SPORTS PROVISION



51%

OF THE CASES WHERE WE **ORIGINALLY OBJECTED** LED TO AN OVERALL IMPROVEMENT IN SPORTS PROVISION

The remainder (49 per cent) were either withdrawn, refused or are yet to be determined. Just 7.5 per cent were approved despite Sport England objections.

*Due to the possibility of appeals against planning decisions, these are the most recent complete figures.

EXPERIMENTING LOCALLY. LEARNING WHAT WORKS.

***CONCENTRATING TIME, EXPERTISE AND FUNDING IN
A SPECIFIC PLACE ALLOWS US TO TEST NEW IDEAS,
LEARN NEW LESSONS AND BUILD NEW PARTNERSHIPS.***

Focusing attention, expertise and investment into a specific geographical area allows us to get under the skin of local communities and tackle specific participation problems.

As well as having a direct impact on local participation figures, it also generates lessons and insight we can apply elsewhere.

Called place-based investment, it allows us to take a slightly riskier and more informal approach to investment. Strong relationships and close partnership working allow us to test new approaches and scrutinise the results. Together we repeat what works, scrap what fails and apply the lesson elsewhere.

We reinvested £1.6 million, taken from the FA after it missed its youth participation targets, into the City of Football concept that is allowing us to explore alternative ways of delivering the game. In October 2014, Nottingham was named as the first City of Football and it began to deliver a programme of activities in 2015.

Nottingham was given a mandate to take some risks, make some mistakes but not fail overall. They were asked to use insight, improve marketing and work with alternative and more relevant partners to deliver to under-represented groups such as women, BAME communities, 14–25-year-olds and disabled people.

Initial results may look modest – between June and December 2015, 1,171 attendees took part in 637 sessions. Dig deeper and you can see that this is not just business as usual. Only 21 sessions were for men and boys exclusively – 345 were mixed, 259 were for women and girls, and 12 for disabled people. A range of events have engaged over 2,400 individuals. For example, 160 women aged 18 and over took part in a Female Football Fives tournament.

Nottingham has made this happen by bringing in new organisations – 33 of the 46 partners involved so far are non-football organisations – who have created alternative ways of playing the game.

The city boasts the first video game arcade in the country – GameCity – and the City of Football team worked with their game developers to invent 10 new versions of football such as Frog, Selfish Football and Dracula versions of the game. These were tested at Nottingham's Game City Festival in October 2015. These have now been included in a Gamechangers Rule Book which is being used as part of the development programme for the football coaches and activators.

"It gave us the unique opportunity to get people involved who wouldn't normally take part in something that is football based," says GameCity MD Iain Simons "It was exciting to see non footballers and regular players come together to create and try out new games." The freedom to try something new meant that many people who would normally be labelled as non-sporty 'geeks' enjoyed trying out these new games and discovered that football is not that bad, and is actually quite good fun."

Reclaim the Night is a weekly evening of football, music, food and dancing just for women and girls. Taking place at the normally male-dominated Forest Sports Zone, it offers Get Into Football sessions alongside new Women's Veteran League and Women's Walking Football sessions, the first in the city.

The Renewal Trust, a Nottingham based nationally recognised community regeneration trust, is using Samba Dance Football, which blends music and the game, to help women develop their confidence alongside their ball skills.

The Trust has traditionally worked in deprived areas of the city and much of its sport focus has been on young men. For the first time it is engaging specifically young women, many of whom are busy mums, to give them an affordable, accessible activity complete with essential childcare.

The project is also investing in Nottingham's systems and infrastructure through the development of the



digital Playbook. This tool will help both providers and commissioners plan or commission football activity across Nottingham.

It will bring together a wide range of data sets including demographic, geographic, socio-economic and behavioural/insight information together with facility provision and current activities. This intelligence will help them understand how football can support their work before planning and delivering effective strategies. It is a legacy project which means it will continue to support football activities, after the city-wide programme has come to an end.

A key aim of City of Football is to diversify the workforce in the city, making it more representative of the population as a whole. The Find Your Future Workforce plan focuses on putting the customer at the very centre of all the planning and training for both professional, community and volunteer coaches and activators.

City of Football is starting to have an impact on the sector as a whole. The FA is represented on the City of Football Board, and both Greg Dyke, the FA's Chair, and Kelly Simmons, the Director of Participation and Development, have visited to see how they can do things differently.

“OUR PARTNERSHIP QUITE DELIBERATELY LINKS THE TRADITIONAL APPROACH WITH BRAND NEW WAYS OF GETTING PEOPLE PLAYING FOOTBALL. IT IS EXCITING BECAUSE WE CAN SEE SO MANY WAYS IN WHICH WE CAN LEARN FROM THIS EXPERIMENT.”

NIGEL COOKE, DIRECTOR OF ONE NOTTINGHAM

Nottingham isn't large enough for our Active People Survey to pick up a statistically significant increase in the number of local residents playing football. While two years isn't enough time to establish a long-term trend. So we have developed a monitoring and evaluation framework with five measures:

- 1.** New football partnerships
- 2.** Insight-led planning
- 3.** More people playing
- 4.** More diversity
- 5.** Shared learning and testing

Reporting against all of these will enable us to understand what works.

“We set out to be as un-football as we could get away with. It seemed to us that if football can't solve a football problem – fewer people playing the game – then find a non-football solution,” says Nigel Cooke, Director of One Nottingham.

“Our partnership quite deliberately links the traditional approach with brand new ways of getting people playing football. It is exciting because we can see so many ways in which we can learn from this experiment. We can imagine that if this works for football it can be spread to so many other activities in Nottingham. Our approach puts people back in the centre of football, just like we need to in so many other areas of sport and life.”

BUILDING PARTNERSHIPS. UNLOCKING IDEAS.

**WE'RE ENGAGING WITH ORGANISATIONS IN NEW MARKETS,
BUILDING NEW PARTNERSHIPS, AND DEVELOPING NEW WAYS
OF WORKING TO GET MORE PEOPLE TAKING PART IN SPORT.**

To engage the most people possible, sport needs the backing of all sorts of organisations that can commit to getting people active, and with the scope and vision to embrace new and exciting ideas.

Traditional streams of investment in sport such as local authority funding are under threat, so we need to fill this gap by opening up the marketplace to new partners in new sectors.

This year, we worked to show the value of sport to some big, new organisations, and how it can help them meet their wider business aims, to encourage them to get involved, particularly in areas where people's needs aren't being met.

Partnering with the outdoors sector

One area we identified as potentially ripe for new partnerships and ways of working was the outdoors sector.

More than 9,000 organisations control access to outdoor spaces in England and attract nine million visitors a year. We want to convince them to open up these spaces to sport and exercise.

The first step was to earmark gaps and opportunities within the outdoor sector we could take forward. That's why we awarded National Lottery funding to the Outdoor Industries Association (OIA), a not-for-profit organisation that represents the outdoor recreation sector, to research trends in the outdoor physical activity market.

In June 2015, we launched the report, *Getting Active Outdoors: A study of demography, motivation, participation and provision in outdoor sport and recreation in England*.

It revealed that 18.2 million people who are not currently active want to take part in some form of

outdoors activity. What's more, four in five people already active outdoors feel that it makes their families happier and healthier.

"Our mission to get British people active outside fits in perfectly with Sport England's aims," says OIA CEO Andrew Denton. "We have brought our sector knowledge, key stakeholders and network of contacts. Sport England has provided insight, expertise, analyst resource and a clear map of where outdoor recreation sits in the wider physical activity picture. The results have had an impact on the entire market."

Interesting outdoor trends

The report examines trends in activities on snow, water, mountains and urban spaces, and identified new target audiences for outdoor sport and activity across all demographics and age groups.

One trend became clear: people are placing more value on a work-life balance, particularly the importance of family life. Parents want to cement stronger relationships with their children through exercise, active older people want to keep fit in the fresh air and younger people relish the thrill of adventure sport. All of the people in these diverse groups are ideal candidates for regular outdoor activities.

We supported this research with a series of workshops attended by over 200 delegates from more than 150 organisations in the outdoor activity industry so they could see the enormous potential of this market.

We now look forward to forming new partnerships and ways of working with the sector in 2016 and beyond.



OUR PARTNERSHIP WITH THE NATIONAL TRUST: GETTING FAMILIES ACTIVE

In February 2016, we partnered with the National Trust on a joint £4.25 million project to create 10 new cycle trails at the Trust's sites across England, to be completed by 2017.

The trails give people the chance to cycle, get active and explore the great outdoors. Each trail will be around 5km long and will wind through scenic parklands and atmospheric woodlands.

Helen Ghosh, director general for the National Trust, says: "I know from cycling with my own family that it's a wonderful way to explore the countryside and get in touch with nature, while getting fit and having fun.

"I AM DELIGHTED THAT GENEROUS FUNDING FROM SPORT ENGLAND MEANS THAT WE CAN CREATE MORE TRAILS AT OUR PROPERTIES ACROSS THE COUNTRY FOR CYCLISTS OF ALL AGES AND LEVELS OF SKILL TO EXPLORE AND ENJOY."

HELEN GHOSH, DIRECTOR GENERAL FOR THE NATIONAL TRUST

EMBRACING TECHNOLOGY. SPARKING ACTION.

**FROM APPS TO
DATA TO GADGETS –
DIGITAL TECHNOLOGY IS
TRANSFORMING THE WAY
MANY PEOPLE PLAY SPORT.**

Technology offers great opportunities for sport – but some challenges too

The public's adoption of devices and gadgets that promise to improve fitness levels shows little sign of waning.

British people bought three million fitness bands and smartwatches in 2015 – more than double 2014's figures, according to consumer research company Mintel.

Our challenge is to identify the opportunities digital innovation creates to promote sport. We need to target the right audience – a fitness app that's great at motivating a committed cyclist who wants to be the fastest rider on her route can be off-putting for someone who just wants to get back in the saddle.

No amount of technology can make up for a lack of activity on the ground. When it's used in the right way, technology can be a powerful boost for motivation and performance.

Getting more people involved, improving performance

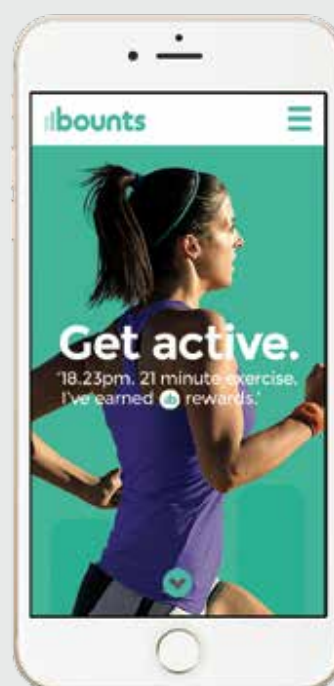
This year, we supported and learned from several digital initiatives to encourage people to play sport more often, and improve the performance of those who regularly get active.

This involved different approaches – from reward schemes to city-wide challenges, targeted online marketing to audience mapping.

For example, the Lawn Tennis Association (LTA) trialed an app, called Bounts, to encourage 25–40-year-old women to play tennis. It offered them points they could exchange for high street vouchers to come down to a tennis court and have a game.

With very little marketing support, 1,675 LTA apps were downloaded. Women took part at 681 venues and there were 6,934 check-ins between May and September 2015. The digital campaign attracted new players, with only 10 per cent of registrations from British Tennis members. Significantly, 70 per cent of the players who took part in the programme said they couldn't remember the last time they took to the courts.

Even where we have not directly invested in the programme itself, sharing the lessons learned by funded partners has helped us to build up a bank of knowledge we will use to define our role within the development of sports technology.



Reaching all ages

Another successful initiative was Reading's Beat the Streets. It got 11 per cent of the town's population to race from lamppost to lamppost, as they tapped radio frequency identification (RFID) cards against specially installed Beat Boxes to see who could clock up the most miles over eight weeks.

First run in 2014, the event was held again in the summer of 2015, with the number taking part increasing by over a half. It was a family affair, as adults and children worked together to collect points. Eight out of ten said that Beat the Streets had helped them exercise more, with many saying they were still active one year later.

Promoting sport

Our partners have also used digital platforms and techniques to promote sports programmes and eliminate guesswork around what works.

For example, the city of Nottingham explored the digital habits of different demographic groups to understand which sites, social media channels and search terms they use. This helped the city launch a digital marketing strategy, website and app that promotes its Sport England-funded City of Football programme.

England Golf's Get into Golf campaign offered low-cost coaching to new players. It was successfully marketed through online advertising, with pop-up ads appearing on sites popular among men and women aged 30 and over.

OVERCOMING DIGITAL BARRIERS

As with many other sectors, sports participation faces a number of barriers around the use of digital technology which we are looking to tackle and overcome.

The Government's new sport strategy makes it clear that in the future, all Sport England-funded organisations will have to make data which is relevant to getting more people involved in sport and physical activity publicly available in an agreed format.

We have been working with the sector to prepare for this, first by understanding the barriers that currently get in the way of open data-sharing.

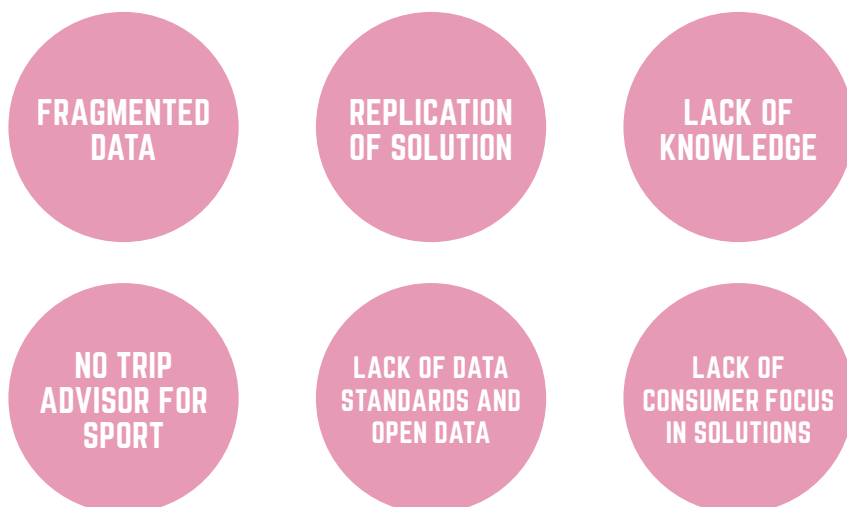
At the moment, data may be captured and stored in different ways making it difficult for databases to swap information. We need to agree new data standards to ensure that everyone records information in the same way. This is why we

became a member of the Open Data Institute and have established the Data Standards Consortium to help define new standards and persuade the sector to adopt them.

Some organisations are nervous about the legal implications of sharing even anonymised data or are worried about devaluing an asset by opening it up rather than selling it on. A process of education is needed to help them to understand the process and value of opening up data. Clauses in future funding agreements will make this a requirement.

There can also be duplicated effort and investment as organisations create nearly identical solutions for the same problem. We will identify where and how Sport England should invest in digital infrastructure or software to help sports organisations run more efficiently while engaging more effectively with their target audience.

The digital barriers to sports participation



DEVELOPING OUR NEW STRATEGY

A photograph of a group of people in a canoe on a calm lake. In the foreground, the back of a person in a yellow kayak is visible, with two red oars resting on the wooden dock. The background shows a group of people in a canoe further out on the water, with a misty or overcast sky and trees in the distance.

**TOWARDS AN ACTIVE NATION WILL SEE US WORKING
IN NEW WAYS WITH MORE PARTNERS GET MORE
PEOPLE PLAYING SPORT AND GETTING ACTIVE.**

In December 2015 the Government published *Sporting Future: A New Strategy for an Active Nation*. It sets a bold and ambitious direction for sport policy which has been widely welcomed. It looks beyond simple participation to how sport changes lives and becomes a force for social good. At its heart are five outcomes: physical wellbeing, mental wellbeing, individual development, social and community development, and economic development.

Putting this policy into practice will require Sport England to work with a wider range of partners and put the customer firmly at the centre of what we do. While we can build on what we have learned in recent years, we know that there will be significant change for us and for our partners.

To help shape our new strategy and address the specific recommendations in *Sporting Future*, we ran a public consultation for six weeks in early 2016.

We were determined to adopt a genuinely open and transparent approach, and keen to hear what both current and potential partners believe to be the opportunities and the challenges.

Over 340 organisations attended a series of workshops held across England. We also held a number of bespoke sessions for particular stakeholders such as local government, NGBs, the health sector, CSPs, leisure operators, sport for development charities, and digital and technology experts. We also held sessions to discuss our investment in and support for talent with over 100 relevant stakeholders.

Together with the 800 responses to our online consultation, they significantly shaped our thinking. More than anything else the sector encouraged us to show leadership and make bold choices.

We were happy to take up this challenge and reflected it in *Towards an Active Nation*, our new strategy published in May 2016.



THE KEY CHANGES SET OUT IN OUR NEW STRATEGY ARE:

Focusing more money and resources on tackling inactivity where the gains for the individual and for society are greatest.

Investing more in children and young people from the age of five to build positive attitudes to sport and activity as the foundations of an active life.

Helping those who are active now to carry on, but at lower cost to the public purse over time. To assist this transition, Sport England will help those parts of the sector that serve this market build up alternative sources of funding.

Putting customers at the heart of what we do, responding to how they organise their lives and helping the sector to be more welcoming and inclusive, especially of those groups currently under-represented in sport.

Helping sport to keep pace with the digital expectations of customers.

Working nationally where it makes sense to do so (for example on infrastructure and workforce) but encouraging stronger local collaboration to deliver a more joined-up experience of sport and activity for customers.

Working with a wider range of partners, including the private sector, using our expertise as well as our investment to help others align their resources.

Working with the sector to encourage innovation and share best practice particularly through applying the principles and practical learning of behaviour change.

IMPLEMENTING THIS NEW STRATEGIC DIRECTION WILL BE OUR MAJOR FOCUS IN 2016/17.

Jennie Price

Chief Executive and
Accounting Officer
The English Sports Council
15 June 2016

Nick Bitel

Chair
The English Sports Council
15 June 2016

ACCOUNTABILITY REPORT

FINANCIAL REVIEW

Consolidated activities

We prepare separate accounts for our Grant-in-Aid and Lottery Distribution Fund as required by the Secretary of State for Culture, Media and Sport.

We do not prepare a full set of consolidated accounts due to the differing accounting policies we are required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we have prepared the following summary results for the two accounts combined for the 2015–16 and 2014–15 financial years.

	*Sport England Group **		Sport England	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Income				
Grant-in-Aid income	93,885	83,222	93,885	83,222
National Lottery income	239,465	243,002	239,465	243,002
Grants received	392	490	392	490
Other income	2,479	1,712	2,474	1,722
Total	336,221	328,426	336,216	328,436
Expenditure				
Net Grant-in-Aid grant commitments	80,401	67,923	80,344	67,888
Net Lottery grant commitments	116,834	207,440	116,834	214,640
Non-cash grants	4,038	4,923	4,038	4,923
Operating costs and sports development costs	34,738	33,079	34,804	33,145
National Sports Centres	3,434	3,747	3,434	3,747
Media buying and planning (This Girl Can)	2,729	4,451	-	-
Depreciation	3,658	3,098	402	482
Assets gifted to subsidiaries	-	-	2,407	1,369
Total	245,832	324,661	242,263	326,194
Net income for the year	90,389	3,765	93,953	2,242
Net gain on revaluation of properties	9,926	8,942	-	-
Net (loss)/gain on investments	(40)	39	-	-
Decrease/(increase) in defined benefit pension re-measurement and interest liability	7,005	(16,184)	7,005	(16,184)
Total income/(expenditure) for the year	107,280	(3,438)	100,958	(13,942)

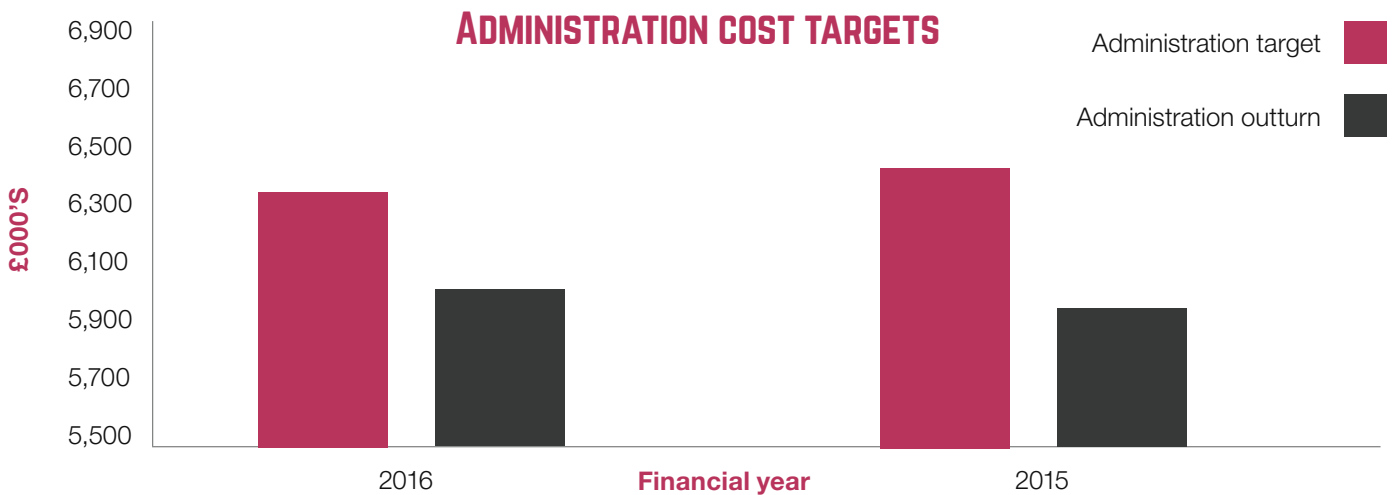
* The above is a visual representation of gross numbers, it does not attempt to align the different accounting basis of the two separate accounts directions.

** Includes the accounts of the two subsidiaries The Sports Council Trust Company and English Sports Development Trust Limited.

WORKING EFFICIENTLY

There are a number of key targets used to measure our financial efficiency.

Exchequer: An absolute value administration cost target was set as part of the spending review and this target to date has been achieved:

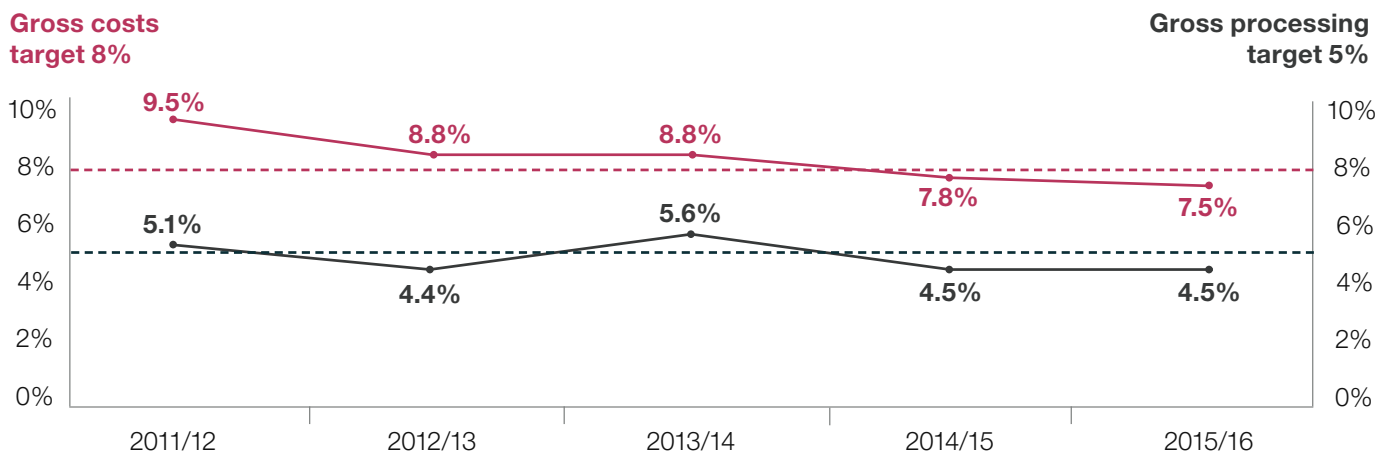


In addition we are required to operate within the overall budget limits set by DCMS. Our resource and capital Grant-in-Aid budgets were underspent by £0.6 million for the year (2015: £0.2 million), which is 0.6% of our Grant-in-Aid funding.

Lottery: In 2010 the Lottery distributors agreed to work towards a benchmark of 5 per cent for grant processing costs and 8 per cent for gross costs. In calculating the percentages the Lottery distributors agreed a common definition which we have applied to this calculation.

Due to the cross-governmental nature of the Active People Survey, and with the agreement of DCMS the cost of the Active People Survey has been excluded from this calculation, as have the costs of operating the Be Inspired database, which is the consumer database transferred from LOCOG.

Both targets were achieved for the year and performance since 2011 is shown in the graph:



During the year £35.3 million (2015: £33.7 million) was spent to support the delivery of our strategy, award programmes and core operations, which are separated into three areas; sports development, administration, and staff costs in the Exchequer and Lottery accounts. This expenditure is incurred at regular intervals throughout the year. No significant changes are anticipated over the longer term and where possible we are seeking to drive efficiencies.

The costs are apportioned between our Exchequer and Lottery activities in accordance with the methodology set out in note 1.6 of the Exchequer and note 1.7 of the Lottery Accounts. As the apportionment of costs varies between years the costs have been aggregated to make a comparison easier.

Sports development costs support the delivery of our award programmes as well as promoting the development of sport in local communities. The costs for the year were £13.1 million (2015: £11.2 million). The increase in 2016 from 2015 is mainly due to increased costs (including irrecoverable VAT) relating to the running of a new Active Lives Survey for 6 months.

This new survey is designed to measure the outcomes of the new strategy in parallel to the existing measurement, the Active People Survey.

Operating costs are incurred to operate the business. During the year operating costs were £7.5 million (2015: £8.0 million). These amounts included the incurrence of £0.6 million (2015: £0.7 million) of costs that were then recharged to other organisations, due to incurring them on their behalf.

The **costs of staff** that deliver and support both sports development and administrative functions was £14.7 million (2015: £14.5 million). The increase between the two years is due to the agreed 1 per cent pay award, along with the cost of recruitment of business critical vacancies.

CASH MANAGEMENT

Management of our **Exchequer cash resources** is in line with the requirement to minimise our cash balances which is contained within *Managing Public Money*

Our Exchequer cash balance at 31 March 2016 was £5.9 million (2014: £3.6 million).

In 2016 we have deferred the drawdown of £3.6 million of Grant-in-Aid income, as a result of several capital projects being delayed due to adverse weather conditions. This deferred amount will be drawn down in 2017.

We have historically not drawn down funds to cover capital retentions of £0.9 million. Providing the level of retentions remains the same year on year, we will not need to draw down these funds in the future.

The management of our **Lottery cash resources** is by a rolling five year investment and cash flow plan which is regularly reviewed by the Executive and Board. The investment and cash plan ensures that the right balance is maintained between having award programmes in place to achieve our strategic objectives while taking into account the uncertainty of Lottery income and that a minimum balance of £50 million is maintained in the NLDF.

Our Lottery cash balance at 31 March 2016 was £123.4 million (2014: £157.7 million). The movement in the NLDF balance is detailed in note 2 of the Lottery Accounts.

OTHER FINANCIAL INFORMATION

EQUITY

Exchequer: Taxpayers' equity is £80.4 million (2015: £71.0 million) and includes increases in the revaluation and general reserve and an increase in the pension reserve (2015: a decrease in the pension reserve) which results from calculating the liabilities in accordance with IAS 19 explained below.

The increase is mainly due the revaluation of the buildings at our National Centres totalling £10.0 million.

Lottery: The deficit in equity amounted to £162.2 million (2015: deficit £262.9 million).

The reduction in the deficit reflects that our grant commitments during the year were less than the annual income received, which is a reflection of the current strategy nearing its conclusion.

DEFINED BENEFIT PENSION SCHEME

IAS 19 valuation of the defined benefit and unfunded pension liability for accounting purposes is £46.8 million (2015: £54.7 million). This includes the value of the unfunded liability at £7.5 million (2015: £8.2 million). The decrease in value (2015: increase in value) of the pension deficit is mainly due to the change in the discount rate financial assumption used in the calculation of the deficit.

The last triennial actuarial valuation as at 31 March 2013 indicated a deficit of £5.6 million. The deficit reduced by £11.9 million from the previous valuation as at 31 March 2010 as a result of both the compulsory and voluntary contributions over that timeframe.

Sport England contributions to pension schemes are detailed in note 21 to the Exchequer and note 12 to the Lottery Accounts.

AUDIT

Sport England is required to have its Exchequer and Lottery Accounts audited by the Comptroller and Auditor General (C&AG). The audit fee was £52,500 for the Exchequer accounts (2015: £52,500) and £52,500 for the Lottery account (2015: £52,500). Both of the subsidiary companies were also audited by C&AG and the audit fees for the year were £21,000 (2015: £21,900).

SUSTAINABILITY REPORTING

Sport England falls below the threshold for mandatory inclusion of a Sustainability Report; however we are committed to supporting and promoting sustainable development.

This includes:

- Investing in projects and facilities that demonstrate sound sustainable business plans
- Reducing printed material by using our website and email newsletters to disseminate information
- The use of recycled or sustainable sources of paper when printing and recycling redundant ICT equipment through charities that repurpose it for use in developing countries.

Over the past three years we have introduced a number of energy initiatives to our National Centres. These include LED lighting, solar panels, a building management system that controls consumption and heating that uses half as much energy.

SPECIAL LOSSES AND PAYMENTS

There were no individual losses or special payments during the year ended 31 March 2016 (2015: Nil) which exceeded £300k, nor did the aggregate exceed £300k.

SUPPLIER PAYMENT PERFORMANCE

We seek to abide by the Better Payment Practice Code, and in particular to pay bills within the payment terms in our contracts with suppliers. Any complaints about failure to pay on time are dealt with expeditiously.

In 2015–16 the average period from date of receipt to payment of valid invoices was 10 days, 99% were paid within 30 days. (2014–15: 10 days – 98% within 30 days).

REMUNERATION AND STAFF REPORT

The contents of the remuneration and staff report cover the accountability report disclosure requirements, as stated by the Companies Act 2006 as adapted for the Public Sector.

The Remuneration and staff report covers both the Exchequer and Lottery accounts.

Remuneration policy

The Terms and Remuneration Committee is responsible for agreeing the policy for the remuneration of the Chief Executive and to be aware of and comment on the remuneration of the Executive Directors, including bonuses. The Terms and Remuneration Committee's discretion to make decisions will at all times be in accordance with the Civil Service Pay Guidance published by HM Treasury and any additional guidance issued by the DCMS, our sponsor department.

The principles governing Sport England's remuneration policy are:

- To work within the financial constraints set by HM Treasury, DCMS and the Cabinet Office through the annual pay remit process.
- To provide a strong relationship between pay and performance with annual salary increases reflecting individual performance and success.
- To effectively promote all aspects of Sport England's employee offer (pay, benefits, personal development, work-life balance, environment and culture) to attract, engage and retain the right talent needed to deliver our strategic outcomes.
- To promote equal pay and operate a pay and reward system which is transparent, based on objective criteria and free from bias.

Appointments

All appointments including Executive Directors are made in accordance with Sport England's stated Recruitment Guidance. Sport England's recruitment and selection process ensures practices are compliant with legislation, are based on merit and are fair and transparent.

The Executive Directors covered by this report hold appointments which are open-ended. Early termination, other than resignation, frustration or dismissal for disciplinary or capability reasons 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.

Executive Director	Date of Appointment
Jennie Price	April 2007
Rona Chester	March 2010
Mike Diaper OBE ¹	November 2009
Charles Johnston	August 2008
Tanya Joseph	January 2012
Lisa O'Keefe	July 2008
Phil Smith	September 2008

¹ Mike Diaper OBE was seconded from DCMS from October 2006 until his appointment in November 2009.

Non-Executive Board Members are appointed for a term of three years. Appointments are renewable for a further fixed term of up to three years on the basis of a performance review, conducted as part of the Board Evaluation process. In the event of early termination, for whatever reason, there is no provision for compensation.

Board Members' remuneration

Board Members' remuneration includes travel and subsistence and an allowance for attendance at Board and sub-committee meetings of £218 per day (2014–15: £218).

There were no bonuses or benefit in kind payments made to Board Members during 2015–16 or 2014–15.

SUBJECT TO AUDIT

Board Member	Term of Appointment	2016 £'000	2015 £'000
Nick Bitel	Sep 2010–Apr 2017	40–45	40–45
Full Time Equivalent is		100–105	100–105
Charles Reed	Oct 2013–Oct 2018	5–10	5–10
David Goldstone CBE	Oct 2013–Oct 2019	0–5	0–5
Debbie Jevans CBE	Oct 2013–Oct 2019	0–5	0–5
Ian Drake	Oct 2013–Oct 2018	0–5	0–5
Kate Bosomworth	Oct 2013–Oct 2019	0–5	0–5
Mark Spelman	Oct 2013–Oct 2016	0–5	0–5
Sally Gunnell OBE DL	Oct 2013–Oct 2016	0–5	5–10
Clare Connor OBE	Sep 2010–Sep 2016	0–5	0–5
Hanif Malik OBE	Sep 2010–Sep 2016	5–10	5–10
Peter Rowley	Sep 2010–Sep 2016	5–10	5–10
Mich Stevenson OBE DL*	Apr 2007–Oct 2013	-	0–5

Notes

* Mich Stevenson's term as a Board Member ended in October 2014, however early in 2014–15 Mich supported the London office relocation project for which expenses were paid. The costs reflected in the table above for 2014/15 are in relation to the expenses paid in this respect.

EXECUTIVE DIRECTORS' REMUNERATION

The following sections provide details of the remuneration and pension interests of the Executive Directors.

Salary

'Salary' includes gross salary, performance pay and any other allowances to the extent that they are subject to UK taxation. In 2015–16 all employees, including Executive Directors, received an average 1 per cent pay award (2014–15: 1 per cent); with a limited number of staff (excluding Executive Directors) receiving (in line with government policy) a fixed amount (£200) of performance related pay. Changes in pay banding for Executive Directors has directly resulted from the 1 per cent pay award referred to above.

Bonus

There have been no non-consolidated performance or bonus payments in either 2015–16 or 2014–15. Individuals eligible for a bonus waived that entitlement in both 2015–16 and 2014–15. Performance pay or bonuses are based on performance levels attained, are made as part of the appraisal process and are subject to HM Treasury Civil Service Pay Guidance.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HMRC as a taxable emolument.

There were no benefits in kind for either of the two years contained in this report.

Pension benefits

Pension benefits are provided through various schemes.

The **London Pension Fund Authority Superannuation Scheme (LPFA)** was closed to new members on 30 September 2005. Benefits are based on final salary and accrue at a rate of 1/80th per year to 31 March 2008, 1/60th per year from 1 April 2008 until 31 March 2014, and on a career average salary basis from 1 April 2014, at 1/49th per year.

The value of pension benefits accrued during the year is calculated for members of the LPFA as the real increase in pension multiplied by 20, plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation, or any increase or decrease due to a transfer of pension rights. Lisa O'Keefe is the only Executive Director who is a member of the LPFA scheme.

The **Aviva Group Personal Pension Plan (GPPP)** opened for staff on 1 April 2012. Funds were transferred across to the GPPP from the previous AEGON fund which had commenced on 1 October 2005. Four Executive Directors are members of the scheme. Colleagues choose to make one of four levels of contribution into their personal pension fund. This scheme includes death in service life assurance cover of three times salary. Since 2014 new staff are auto enrolled into the scheme.

Employee and employer contribution rates for the above schemes are detailed in note 21 of the Exchequer accounts and note 12 of the Lottery accounts.

For one member of the Executive team, Sport England contributes 10 per cent of their annual basic salary to a **personal pension plan**.

Colleagues may also choose to contribute to the GPPP and personal pension plans through salary exchange arrangements.

The value of pension benefits accrued during the year for all personal pension plan members is the total pension contributions made by the employer.

Subject to audit	Salary £'000	Bonus payments £'000	Benefits in kind £'000	Pension benefits accrued to nearest £'000	Total £'000
2016					
Jennie Price ¹	150–155	-	-	15,000	165–170
Full time equivalent is	165–170	-	-	-	165–170
Rona Chester ²	155–160	-	-	-	155–160
Charles Johnston	130–135	-	-	14,000	140–145
Lisa O'Keefe	115–120	-	-	40,000	155–160
Phil Smith	115–120	-	-	13,000	125–130
Mike Diaper OBE	100–105	-	-	11,000	110–115
Tanya Joseph	110–115	-	-	12,000	125–130
2015					
Jennie Price ¹	145–150	-	-	15,000	165–170
Full time equivalent is	165–170	-	-	-	165–170
Rona Chester ²	155–160	-	-	-	155–160
Charles Johnston	125–130	-	-	14,000	140–145
Lisa O'Keefe	115–120	-	-	33,000	145–150
Phil Smith	115–120	-	-	13,000	125–130
Mike Diaper OBE	95–100	-	-	11,000	105–110
Tanya Joseph	110–115	-	-	12,000	125–130

Notes

¹Jennie Price works 4.5 days per week, the resulting FTE salary is shown in the tables above.

²No employer pension contributions were made for Rona Chester in 2015–16 or 2014–15.

Median remuneration of staff

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

Remuneration for the purposes of this calculation includes salary, bonus payments and benefits in kind, but excludes pension benefits.

The banded remuneration of the highest paid director in Sport England in the financial year 2015–16 and 2014–15 was £165k–£170k.

This was 3.85 (2015: 3.83) times the median remuneration of the workforce, which was £43,332 (2015: £43,154). No employees received remuneration in excess of the highest paid director in 2015–16 or 2014–15.

LPFA PENSION BENEFITS

Subject to audit	Accrued pension at age 65 as at 31/03/16	Real increase in pension at age 65	Real increase lump sum at age 65	Lump sum at age 65	CETV at 31/03/16	CETV at 31/03/15	Real increase in CETV
Lisa O'Keefe	30–35	2.5–5.0	0–2.5	40–45	341	308	20

Cash equivalent transfer values (LPFA only)

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

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.

STAFF COSTS, NUMBERS AND COMPOSITION

	Costs (£'000s)	
	2016	2015
Permanent staff & fixed term temporary staff		
Wages and salaries	10,811	11,036
Social security costs	1,142	1,138
Pension costs	1,752	1,543
Total permanent staff & fixed staff	13,705	13,717
Agency staff	996	741
Total	14,701	14,458

The table above shows the consolidated position. The total permanent and fixed staff amount of £13.7m is made up of Exchequer £4.6m (33.4%) and Lottery £9.1m (66.6%).

We have a total of 242 (2015: 244) permanent and fixed-term temporary staff and a total of 18 (2015: 12) agency staff.

Within the above staff numbers there were 61 homeworkers (2014–15: 60) which represented 25.2% and 24.6% of the headcount in each of the respective years.

In 2015–16 the senior executive team comprised of four women (including the Chief Executive), and three men (2014–15: 4 women and 3 men)

Women currently make up 51% our workforce (2014–15: 52%). Sickness absence during the year excluding long-term sick absence averaged 2.64 days per person (2015: 1.8 days). There were seven colleagues who had long-term sickness of greater than 20 days (2014: 8). As of March 2016, Sport England didn't have any consultants.

Off payroll tax engagements

As of March 31, 2016, there were three off payroll tax engagements in 2015–16, (2014–15: four) earning more than £220 per day for longer than six months. The required evidence and declarations were obtained for all off payroll engagements.

Staff policies and recruitment

Sport England is focused on helping individuals and communities from all backgrounds take part in sport and physical activity.

As an employer we actively seek to ensure that our workforce reflects the communities we serve, recognising that this makes us better able to understand their needs and priorities. We can only do this by ensuring that the people who work for us are the best they can be irrespective of their age, gender, sexuality, ethnicity, disability, marital status, religion or belief. We're proud to be working towards Investors in Diversity and to be a Stonewall Diversity Champion.

What matters to us is that we have talented, enthusiastic and experienced professionals working with us who can help deliver our strategic outcomes while living up to our values of positive, united, expert and focused.

We value the ideas and contributions from all of our people; we welcome and support difference; and our aim is to ensure that equality, diversity and inclusion run through everything we do as an employer.

Sport England participates in the Two Ticks scheme. As a participant in the scheme we have committed to interview all disabled applicants who meet the minimum criteria for a job vacancy and to consider them on their abilities.

In the event a member of staff becomes disabled we take steps to ensure we support their employment wherever possible through discussion with the employee, occupational health and other aspects as appropriate.

EXIT PACKAGES

2016 (subject to audit)			
Cost Band	Number of compulsory redundancies	Number of other departures agreed ¹	Total number of exit packages
<£10,000	Nil	1	1
£25,000–£50,000	Nil	-	-
£50,000–£100,000	Nil	-	-
Total number of exit packages	Nil	1	1
Value of exit packages	Nil	£6,500	-

2015 (subject to audit)			
Cost Band	Number of compulsory redundancies	Number of other departures agreed ¹	Total number of exit packages
<£10,000	Nil	1	1
£25,000–£50,000	Nil	1	1
£50,000–£100,000	Nil	1	1
Total number of exit packages	Nil	3	3
Value of exit packages	Nil	£121,110	-

Notes

1. Exit packages are paid under terms of employment. No ex-gratia payments were made.
2. An amount included as an accrual in 2014–15 of £33,330 was paid out in 2015–16.
3. No exit packages were paid to Executive Directors in 2015–16 or 2014–15.

Related party transactions

Details of all related party transactions and register of interests of Board Members, Executive Directors and other key managerial staff are disclosed in note 24 of the Exchequer and note 13 of the Lottery accounts.

SPORT ENGLAND'S STRUCTURE

HOW OUR DEDICATED TEAMS ACHIEVE RESULTS

Working individually and together, our six directorates and CEO's office are committed to using our resources – time, knowledge and money – on projects that have the strongest impact in boosting interest and participation in sport.

OUR DIRECTORATES ARE:

Community Sport

Led by **Mike Diaper**, this directorate is made up of the experts who work on our youth programmes and those who work with local partners. The team:

- Gets more children active by investing in school sport, through the School Games and the Primary School Sport Premium
- Encourages and keeps people exercising by investing in local sport through the Community Sport Activation Fund
- Supports underprivileged young people to get active with programmes like Get on Track, delivered by the Dame Kelly Holmes Legacy Trust
- Works with colleges and universities to create more opportunities for 16–25-year-olds to play sport
- Leads our youth programmes, including satellite clubs and College Sport Makers
- Makes sure investment in sport continues by working to influence local authorities' and partners' policies

National Governing Bodies (NGBs) and Sport

Led by **Phil Smith**, this directorate manages Sport England's annual investment of over £98.4 million in 46 NGBs. The team:

- Encourages NGBs to maximise the number of people taking part in their sport and to improve their talent development systems using a payment for results approach

- Advises NGBs on developing talented athletes up to world class level
- Gives NGBs expert advice based on Sport England's insight work, so they can become more successful
- Makes sure that sport programmes are as effective as they can be by creating relationships between NGBs and county sport partnerships or local authorities
- Develops the sport workforce through training and development programmes
- Offers expert advice on club development
- Advises the sector on equality and diversity issues and commissions expertise from national partners on race, gender and disability issues

Facilities and Planning

Led by **Charles Johnston**, this directorate offers advice and funding to develop and improve sports facilities. The team:

- Makes sure new sports facilities meet people's needs by providing strategic advice
- Provides the money for new facilities through investment streams including the Strategic Facilities, Improvement, Inspired Facilities and Protecting Playing Fields
- Ensures that investments are value for money and financially sustainable
- Manages our National Sports Centres, which provide training and rehabilitation facilities for athletes
- Consults on planning applications that may affect playing fields and influences policy on general sports planning issues
- Makes sure as many as people as possible can use facilities, including helping schools to open up their facilities to the whole community

Insight

Led by **Lisa O' Keefe**, this directorate puts insight at the heart of Sport England's decision making, to make our programmes as effective as possible. The team:

- Ensures that high quality data and insight is openly available and shared across community sport in England
- Works to understand people's behaviour to transform the delivery of community sport
- Evaluates our investments to understand what works and shows value – and what we can do better
- Helps make exercise more accessible, attractive and appealing to disabled people
- Measures how many adults play sport through the Active People Survey

Corporate Services

Led by **Rona Chester**, this directorate makes sure we operate efficiently, legally and with good governance. It also manages our grants programmes. The team:

- Ensures the best programmes and facilities get the funding they need, managing an annual investment of £300 million and a portfolio of facilities investment of several million, including our National Lottery and Exchequer funding streams
- Provides professional services including legal, information governance and audit, risk and governance
- Makes sure we get value for money from all our suppliers through effective procurement
- Provides financial support and advice to the organisation

Business Partnerships

Led by **Tanya Joseph**, this directorate manages Sport England's relationships with the government, media, the public and the commercial sector. The team:

- Manages and protects the reputation of Sport England
- Promotes our funding programmes to generate strong applications and highlights the results of our investment
- Helps the public, voluntary and private sectors understand how they can work with us and the benefits of doing so
- Works with the media to raise the profile of grassroots sport and directs the This Girl Can marketing and communications campaign
- Manages our engagement with the public through the Sport England website, social media channels and the Be Inspired consumer database
- Provides consultancy services directly and indirectly to our investment partners to help them deliver our strategic objectives
- Briefs ministers and officials from the Department for Media, Culture and Sport and provides answers to parliamentary questions
- Responds to Freedom of Information requests and complaints
- Manages important relationships with existing partners such as Sainsbury's and the BBC, and secures new partnerships
- Secures private sector investment to promote and develop grassroots sport

GOVERNANCE STATEMENT

OVERVIEW

As Accounting Officer, it is fundamental to my responsibilities to manage and control the resources that Sport England uses. This statement, which covers both our Exchequer and Lottery funding, explains how I do that, supported by our Chair, our Board, the Audit, Risk and Governance Committee and the Executive Group. Collectively, we work to ensure that effective governance and risk management processes and practices are in place and that they operate as intended.

OUR GOVERNANCE FRAMEWORK

Sport England was established on 19 September 1996 by Royal Charter as a non-departmental public body (NDPB) of the Department for Culture, Media and Sport. Accountability to Ministers is managed through the usual control mechanisms for NDPBs in accordance with a Management Agreement agreed with the Secretary of State for Culture, Media and Sport. Our accounts for Grant-in-Aid and Lottery distribution are prepared separately in order to comply with the accounts directions issued by the Secretary of State.

Board		
<ul style="list-style-type: none">• Comprises a maximum of 14 Board Members (Chair, Vice-Chair and up to 12 other Members), although in practice there are 11 Board Members.• Includes, as attendees, seven Executive Group members, a DCMS nominee, and others as invited by the Chair• Meets at least four times each year• Takes overall responsibility for Sport England's strategy, policies, delivery and performance• Approves and monitors: major projects; top level grant awards (over £2 million); and the Annual Report and Accounts		
Committees		
Project Committee <ul style="list-style-type: none">• Comprises a minimum of six members, including at least three Board Members, one independent non-Board Member and the CEO (or COO)• Meets at least six times each year• Approves and monitors major grant awards (up to £2 million)	Audit, Risk and Governance Committee <ul style="list-style-type: none">• Comprises four Board Members and two independent non-Board Members• Meets at least four times each year• Undertakes scrutiny and provides advice to support the Board in carrying out its responsibilities for financial oversight, risk management, control and governance	Terms and Remuneration Committee <ul style="list-style-type: none">• Comprises the Chair and three Board Members• Meets once each year• Agrees the terms and remuneration of the CEO• Provides advice on the terms and remuneration of other senior staff appointments
Subsidiaries		
The Sports Council Trust Company		English Sports Development Trust Limited

SUBSIDIARIES

The Sports Council Trust Company (SCTC) is a company limited by guarantee which is governed by its Memorandum and Articles of Association; it is also a registered charity with the Charity Commission for England and Wales. The sole member and parent body is Sport England. The Sports Council Trust Company is responsible for the preservation and safeguarding of the physical and mental health of the community through physical recreation, including sports, education and the provision of facilities. The charity looks at increasing participation in sport through a wide range of sporting activities. It owns a number of world class sports facilities around the country and the SCTC Board's main responsibility is for the performance of the contracts to manage these National Sport Centres, overseeing the provision, improvement and maintenance of the facilities. The Centres are used by members of their local communities and Olympic and Paralympic competitors. The SCTC Board Members have a role in ensuring the Centres are leading the standards for elite training provision across the country. The charity also has a small grants policy which enables awards to be granted to suitable applicants.

The English Sports Development Trust Limited is a company limited by guarantee whose sole member and parent body is Sport England. The company's purpose is to deliver the commercial contracts related to the media buying arrangements for the Women's Behaviour Change Campaign (This Girl Can). The campaign is one of major significance to Sport England and is designed to encourage the increased participation in sport and exercise of women and girls.

Separate annual accounts are produced for both The Sports Council Trust Company and the English Sports Development Trust Limited.

OUR GOVERNANCE STANDARDS

Throughout this year we have, as demonstrated in this Governance Statement worked hard to ensure our own governance practices continue to be robust and fit for purpose. In parallel we have continued to work with the sector we fund to help bring about and maintain a step change in sports' governance.

Our funded national governing bodies (NGBs), national partners and county sports partnerships (CSPs) are required to satisfy a number of key criteria for effective governance within the 2013–2017 funding cycle, which can be found on our website at: <http://www.sportengland.org/about-us/governance/governance-strategy>.

In the coming year, Sport England will be working with UK Sport and the other home nation sports councils to develop a new Governance Code for Sport in the UK, as required under the UK Government's December 2015 publication: *Sporting Future – A New Strategy for an Active Nation*.

We meet the standards we currently set our funded NGBs, including in relation to independent members on Boards, open recruitment, restricted tenure, actual size of Board, diversity, decision making and transparency and accountability.

We also comply with the principles, government policy and supporting provisions of the Corporate Governance Code, to the extent that its application is relevant and meaningful to NDPBs, via the relevant principles set out in: Corporate Governance in Central Government Departments – Code of Good Practice 2011; and the relevant principles set out in HM Treasury's Managing Public Money, as updated in August 2015.

OUR BOARD

Sport England has a Board of 11 members, openly recruited on a skills basis, and led by our Chair, Nick Bitel.

Following the significant recruitment of the Board undertaken in 2013–14, the year to 31 March 2016 saw no further changes to its composition or the structures of its Committees. We have four women on our Board representing 36 per cent of total membership. This exceeds the 25 per cent figure we expect our funded NGBs to meet by 2017. We also have one BAME Member on our Board.

Non-Executive Board Members are appointed for a term of three years. Appointments are renewable for a further fixed term of three years on the basis of a performance review, conducted as part of the Board Evaluation process. In the event of early termination, for whatever reason, there is no provision for compensation.

Five Board Members, Clare Connor, Sally Gunnell, Hanif Malik, Peter Rowley and Mark Spelman, will reach the end of their respective terms of appointment in autumn 2016. In order to ensure appropriate continuity of Board membership, five Board Members, Kate Bosomworth, Ian Drake, Debbie Jevans, David Goldstone and Charles Reed, have had their respective terms extended for a further appointment period.

Board and Committee evaluations

This year, an evaluation has been undertaken, with Board Members completing questionnaires evaluating their own performance, the performance of the Board, and the Chair. The overall outcome was clearly positive. Some further improvements for the future were also identified which will be incorporated into strengthening the governance framework and ensuring that recruitment to the Board is focused in the right areas. In line with good practice, an independent review will be initiated in the coming months.

The Project Committee is planning its next evaluation for the coming year. The Audit, Risk and Governance Committee evaluated its performance, using a questionnaire process, and in June 2015 reviewed the outcomes, which indicated a high degree of effectiveness.

BOARD ACTIVITY

The Board met seven times during 2015–16: attendance records for Board and committee meetings are provided at the end of this statement.

The Board's principal focus has been to oversee the delivery of Sport England's 2012–17 strategy, which aims to help people and communities across the country create a sporting habit for life. A key part of the Board's role includes detailed scrutiny of data that is relevant to delivering our strategic objectives. For example, the Active People Survey and the new Active Lives Survey provide key data that helps inform its decision making.

The Board is satisfied that the reporting frequency and quality of the information it receives is sufficient to allow it to make informed decisions. The Board, with the support of its Committees and the Insight Forum, scrutinises a significant amount of performance data in support of achievement of its objectives.

The Board considers that the quality and the depth of the insight into the drivers of sporting behaviour and the presentation of performance data, which is already at a high standard, continues to improve, although in order to align the business with our new strategy as the details are developed during the coming year, the Board recognises that further improvements may be necessary.

A summary of the key Board decisions, approvals and items for discussion in 2015–16 is set out below. The Board discussed the delivery of Sport England's 2012–17 strategy at each of the Board meetings.

Sport England Strategy	Ensuring delivery of objectives of the current Youth and Community Strategy (2012–17), alongside the development of a new strategy for Sport England (2016–21) that delivers the goals of the Government's new cross-government strategy for Sport.
Triennial Review	Regular discussion about the Review, its impact on Sport England and how the organisation should respond to the recommendations.
Equality and Diversity	Regular review of Equality, Diversity and Inclusion (EDI) work to ensure that EDI runs through everything that Sport England does as an employer.
Active People Survey	In addition to regularly discussing the survey results, the Board approved a new sports participation survey, provided by Ipsos MORI, to replace the Active People Survey. (The new survey arrangements and the current APS system run in parallel for 12 months in order to fulfil Sport England's accountability requirements to Whole Sport Plan funded national governing bodies).
Corporate Risk	Regular discussion of corporate risk and risk appetite.
Annual Report and Accounts	Approval of Sport England's Annual Report and Accounts.
2016–17 Financial Budget	Approval of Sport England's budget for the next financial year.
Board Effectiveness Evaluation	Annual review of Board effectiveness and performance.
This Girl Can behaviour change campaign	Regular updates on the campaign and approval of funding for the campaign for the next four years.
One Year Funded Sport – Award Decisions	Approval of new One Year Funded Sport awards and review of current One Year Funded Sport awards.
Payment for results – Review of National Governing Body Performance	Regular review of national governing body performance and approval of any resultant recommendations.
Football Coaching and Facilities Investment (Parklife)	Approval of funding for the initiative which seeks to improve England's footballers through coaching support to the FA and facilities investment.
Talent Bursary Scheme	Approval of funding for the Scheme for the next four years.
Business Partnership Updates	Regular report on Business Partnership activity.

In addition to the above, the Chair, CEO and COO also presented individual reports to each meeting.

Sport England is committed to being transparent and open in how we operate. Our publication scheme sets out information about who we are, how we are organised, how we spend public

and Lottery money, what our goals are and how well we are doing in meeting those goals. Major policy proposals and decisions are made by the Board and the agendas and minutes for the Main Board meetings are published on Sport England's website as part of the publication scheme.

OUR COMMITTEE STRUCTURE

Sport England's Board has three Committees: the Project Committee, the Audit, Risk and Governance Committee and the Terms and Remuneration Committee. Their composition and roles are detailed in the diagram below.

COMMITTEE ACTIVITY

During the year, key areas scrutinised by Board Committees and, as appropriate, key decisions include:

Project Committee	Audit, Risk and Governance Committee
<p>Approval of all our major capital awards</p> <p>Strategic Facilities Improvement Fund Inspired Facilities</p> <p>As well as major revenue awards for</p> <p>School Games and organisers Protecting playing fields Our dedicated youth and disability programmes</p>	<p>Regular review of corporate (strategic) and operational risk profile</p> <p>Regular reports on fraud</p> <p>The 2015–16 accounts preparation process</p> <p>Review of financial forecasts including, 'critically', cash-flow and monitoring monthly management accounts every quarter</p> <p>NGB and partner governance, including key issues arising</p> <p>The internal audit plan for 2015–16 and internal audit reports</p>
Terms and Remuneration Committee	
<p>Overview of developments in public sector pay</p> <p>Chief Executive remuneration and performance</p> <p>Executive Directors' remuneration and performance</p>	

OTHER GROUPS

Although not a formal committee of the Board, the Insight Forum, which includes seven Board Members among its membership, continued to work with the Executive Group and other key staff on insight, market development and communications, all of which are key areas for us in meeting our objectives. The Forum met on three occasions during the year.

We also have an Equality Group which was set up five years ago to oversee the development of our Equality Scheme and Equality Action Plan. The Group works in partnership with one of our Board Members, Hanif Malik, who oversees equality issues on behalf of the Board.

In February 2015 Sport England attained the 'Investors in Diversity' accreditation from the National Centre for Diversity, an organisation which works to embed best practice in Equality, Diversity and Inclusion. The Equality Group has continued to strive for further progress in this area.

SYSTEM FOR MANAGING RISK

Risk management and internal control are embedded in our corporate governance and operational activity. All parts of our business play a part and have a share of accountability for managing risk, in line with their responsibility for the achievement of strategic priorities. We have a top down, bottom up and cross organisational process for identifying and assessing risks and opportunities on a continuing basis which is summarised below.

In March 2015 an internal audit was performed by BDO LLP of the maturity of our risk management approach using their independent standards on risk governance, identification and assessment, mitigation and treatment, reporting and review and continuous improvement. Against a targeted maturity of "managed" which is at the upper level of the range of maturity, selected to reflect the scale and complexity of the organisation, Sport England achieved a maturity level of "managed" in two cases and was assessed as borderline "managed"/"defined" in three cases. The report observed areas of good practice and that the number of actions to attain "managed" in all areas assessed would not require significant changes to current practice.

During 2016–17, and against the background of the Comprehensive Spending Review, the Triennial Review of Sport England and UK Sport and the publication of the Government's new Strategy for Sport & Physical Activity, we have followed up on BDO's recommendations by conducting a full review of Sport England's current corporate risks as recorded in our Corporate Risk Register.

Management's approach to risk

As part of our internal operational management, Sport England maintains Directorate and Project Risk Registers. At least once a year these Registers are completely refreshed by reference to our current business and to a 'horizon scan' of the environment in which we operate. The Directors and Project Leads then review and update these operational registers on a quarterly basis.

The Cross Directorate Risk Group (CDRG) is composed of officers from across Sport England and meets quarterly to discuss key current operational risks across our business. A summary of the key themes and highest operational risks, together with any emerging key risks, are then provided to the Executive Group to inform the Group's wider discussions on risk management. If there are significant changes in our operating environment – for example, the Government's new Sport Strategy – the Corporate Risk Register is completely re-written.

Internal controls

All Executive Group members are required to provide me, the Accounting Officer, with an assurance that proper and reasonable internal controls have been in place and have operated effectively over the accounting period and that proper standards of conduct have been maintained.

While a number of areas were highlighted in the statements, all were known to me and I am satisfied that they either have been, or are being, managed appropriately. None was significant enough to merit inclusion in this statement.

Board scrutiny of risk management and risk appetite

The Board ensures there are effective arrangements for risk management and internal control at Sport England. The Corporate Risk Register and key operational risks are provided to, and scrutinised by, the Audit, Risk and Governance Committee at each meeting. The Corporate Risk Register is then provided to the Board for its review, scrutiny and input every six months.

Our approach and the system of internal control are designed to manage risk to a reasonable

level rather than to eliminate all risk. The Board considers Sport England's risk profile and the Board's risk 'appetite' (i.e. the level of risk it is prepared to tolerate in order to meet its strategic objectives) every two years or in line with any changes to Sport England's strategic objectives. The Board believes that it is important that Sport England is innovative and can take managed risks in order to achieve increased participation. Sport England's current risk appetite, agreed at the Board in January 2015, is described as follows:

Sport England continues to have a medium risk appetite overall, but recognises that it has a complex and multi-faceted portfolio of risks. Accordingly, Sport England may diverge from a 'default median' position, in the following circumstances:

- Sport England has a very low risk appetite around transparency and control of governance and finance, and this will not change.
- Within its framework of evidence-based and well controlled decision making, Sport England is currently willing to adopt a higher risk appetite in order to drive increased participation in sport, including:
 - o Innovations, where outputs can be evidenced and evaluated
 - o Undertaking small exploratory projects to learn and to gather evidence
 - o Remaining assertive on performance management, including taking action to shift investments where performance is poor
 - o Developing potential sources of partnership and/or commercial income, providing there is a focus on best value for money and that reputational risk can be satisfactorily managed"

The Board plans to review Sport England's risk appetite later in 2016 in order to ensure appropriate alignment with our new 2016–21 strategy, *Towards an Active Nation*.

Managing our key delivery risks

At the beginning of last year, we noted the need to ensure that the interest in sport generated by our This Girl Can campaign could be satisfied by the sporting system, and that the experience offered would be one that took full account of the judgement barriers highlighted by the campaign.

We have increased the support available to the sector to understand the insight behind the campaign and what it means for delivery.

Last year, we also identified that a potential risk for 2015–16 would be ensuring that, in an increasingly digitally enabled world, grassroots sport – in particular the partners with whom we work – could offer the opportunity to take part in sport in a modern and accessible way which takes full account of digital communications.

One example of how we have addressed this is a pilot scheme we have undertaken with Birmingham City Council to explore ways of sharing, integrating and interpreting data in order to identify and assess trends in participation and to examine how such data can be used to develop sport and physical activity programmes for general public benefit. As part of this pilot process, we are also looking at how best to incorporate into contracts and funding agreements the necessary requirements for the sharing and use of appropriately anonymised data in ways which comply with the increasingly tight legal requirements for data protection and management.

During the year, the Executive Group and the Board have actively reviewed the Corporate Risk Register, with risks having been added, consolidated or closed as a result of these reviews. For example, the Board considered Sport England's general liability position with regard to design guidance when facilities are modernised using Sport England funds. Independent legal advice was sought from external lawyers which confirmed that our liabilities are appropriately managed and limited; and this risk was therefore closed.

Risks associated with the progressive extension of our 'mixed economy' investments into charities and other community bodies, alongside national governing bodies, have also been managed during the year into our 'business as usual' processes.

Our Board also reviewed the risks for the investment of public money in the light of the circumstances which led to the closure of Kids Company and the subsequent reports from the National Audit Office and the Public Accounts Committee. The lessons learned are helping us to ensure our on-site audit programmes are focused appropriately, and will also inform the assurance processes we plan to operate under the new Governance Code for Sport in the UK.

As we approached the year-end on 31 March 2016 we were acutely aware of the operational and reputational risks we needed to manage as we developed our response to the Government's *Sporting Future* strategy, and therefore we conducted a comprehensive independent consultation to inform the development of our strategy. We are also mindful of the potential for impacts on our current funding recipients,

partner organisations and staff. We will therefore be putting in place transitional arrangements, in the early years of our new strategy, so that the impacts can be fully communicated in advance and carefully managed. An early example of this will be our management of awards to NGBs during 2016-17.

In order to ensure that the organisational change required to deliver the new strategy is defined, implemented effectively, in a timely manner and maintains a high level of staff morale, we are developing a clear organisational change programme which will include appropriate milestones, resource requirements, prioritisation and a communication plan to keep the organisation well informed.

We are also mapping out the skills required to deliver the increased scope of the new strategy, against the existing skills make-up of the organisation, so that we can gear recruitment to the skills profile required and set appropriate timescales for filling any gaps.

Active Lives survey

As highlighted in our Performance Report, Sport England decided in September 2015 to introduce a new Active Lives Survey (ALS), conducted by Ipsos MORI, with the intention that this new survey will ultimately replace the Active People Survey (APS).

In order to manage the introduction of the Active Lives Survey effectively, we have undertaken measures to phase the implementation of the new survey design and arrangements over a 12-month period, and to ensure the commentary that accompanies publication of results includes clear messages about Sport England's priorities and strategic objectives and also explains the relevance of any new performance measurement statistics.

Information risks

Within our management structure we have an Information Governance Committee which meets quarterly to consider reports on the operation of key information governance controls and to review the information risk register. No significant issues have been reported to the Information Commissioner.

As part of our improvements during this year, we have integrated the previously separate logging of information risks into our directorate risk registers. Plans are in hand for the coming year to review Sport England's information governance documentation with the purpose of rationalising, updating and further improving our information governance documents.

Fraud risks

There is a risk to grant giving bodies of fraud occurring while undertaking their day-to-day grant giving process through which funds are made available to third parties. No matter how effective the controls and checks, which are in place and followed by the grant giving body, there remains a possibility that fraud may occur.

During the financial year there have been a relatively small number of incidents where fraud has been suspected concerning grant recipient organisations or concerning individuals in management positions at recipient organisations. A fraud register is maintained within Sport England that monitors past and present cases, their status and final outcomes. We continue to work with the police in respect of two open cases.

Following advisory work using a counter fraud specialist which was undertaken in the autumn of 2013, several staff members have now undertaken professional qualifications relating to fraud awareness and detection and in 2015 received their Accredited Counter Fraud Specialist qualification. During the financial year the Fraud Loss and Bribery Prevention Policy was reviewed and updated. Sport England is also a member of the Lottery Forum Fraud Operational Group which meets four times a year.

Independent assurance

Internal Audit provides me with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control processes.

An annual programme of internal audit work is carried out to professional standards by an external firm of accountants informed by the Risk Register, and an assessment of my assurance requirements. Internal Auditors attend each Audit, Risk & Governance Committee meeting and provide periodic progress reports including the findings of follow-up reviews, culminating in an annual report to the Committee on internal audit activity. The Audit, Risk and Governance Committee also considers the External Audit Plan and reports from the National Audit Office.

Following a tender for the supply of internal audit services, Mazars LLP were appointed jointly by Sport England and UK Sport to provide these services, including fulfilling the role of Head of Internal Audit, to both sports councils for the period from 1 April 2015 to 31 March 2018. Mazars LLP have included in their opinion that, during 2015–16, overall there has been an adequate and effective framework of governance, risk management and control that provides reasonable assurance over the achievement of objectives.

In addition to the assurance from internal audit, Moore Stephens LLP carry out a number of on-site management audits to provide assurance over our grant funding to national governing bodies, national partners, county sports partnerships and other significant grants in terms of size or complexity. The timing and scope of the on-site audits reflect their assessment of the organisations' governance, risk and control frameworks. National governing bodies also perform an annual self-assessment of their compliance with our standards and provide detailed descriptions and explanations of how they comply.

We also obtain assurance for our capital programmes from surveyors' reports, independent project monitors and comparisons of leisure facilities services under a benchmarking service. Many of our capital grants extend for significant periods, often up to 25 years and therefore it is important to obtain assurance that the facility is being utilised for the purpose originally intended.

In view of the campaign's importance to Sport England and the sector, This Girl Can has been subject to independent and robust measurement and evaluation, undertaken by TNS BMRB, a leading UK research agency, and Future Thinking, an award-winning brand research agency.

Complaints

Through our formal complaints procedure we have recorded 44 complaints in 2015–16. Three of these complaints were referred to the Parliamentary and Health Services Ombudsman and all were decided in Sport England's favour.

Name	Board	Audit, Risk and Governance Committee	Project Committee	Terms and Remuneration Committee
Number of meetings in the year	7	5	6	1
Nick Bitel	7	-	-	1
Kate Bosomworth	7	3	-	-
Clare Connor ¹	6	-	2	-
Karen Creavin ²	-	-	3	-
Ian Drake	7	-	6	-
John Flook	-	4	-	-
David Goldstone	7	1	-	1
Sally Gunnell ³	5	-	3	-
Eilish Jamieson ⁴	-	2	-	-
Debbie Jevans	6	-	-	-
Hanif Malik ⁵ OBE	7	-	6	-
David Oliver ⁶	-	1	-	-
Charles Reed	7	5	6	-
Peter Rowley ⁷	7	5	-	1
Mark Spelman ⁸	7	-	4	-

¹Tenure ends 6 September 2016

² Appointed 26 May 2015

³ Tenure ends 27 October 2016

⁴ Appointed 4 November 2015

⁵ Tenure ends 6 September 2016

⁶ Tenure ended 12 August 2015

⁷ Tenure ends 6 September 2016

⁸ Tenure ends 27 October 2016

Jennie Price

Chief Executive and
Accounting Officer
The English Sports Council
15 June 2016

Nick Bitel

Chair
The English Sports Council
15 June 2016

The English Sports Council

Grant-in-Aid

Consolidated Accounts for the year ended 31 March 2016

Statement of the Council and Chief Executive's Responsibilities

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 HM Treasury.

The financial statements 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.

In preparing the financial statements 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.

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.

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
The English Sports Council

15 June 2016

Nick Bitel

Chair
The English Sports Council

15 June 2016

Independent auditor's report to The English Sports Council

I have audited the financial statements of The English Sports Council for the year ended 31 March 2016. The financial statements comprise: the Group and Council Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; 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 and Staff Report that is described in that report as having been audited.

Respective responsibilities of the Council, Chief Executive and auditor

As explained more fully in the Statement of the Council's and Chief Executive's Responsibilities, the Council and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the English Sports Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by The English Sports Council; and the overall presentation of the financial statements. In

addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Group's and of the English Sports Council's affairs as at 31 March 2016 and of the Group's and the English Sports Council's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Royal Charter of the English Sports Council and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Royal Charter of the English Sports Council; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the English Sports Council or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Sir Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

30 June 2016

Index to the Grant-in-Aid Accounts

Abbreviation	Accounts	75-105
SOCNE	Statement of comprehensive net expenditure	75
SOFP	Statement of financial position	76
Cash flow	Statement of cash flows	77
Equity	Statement of changes in taxpayers equity— Group	78
Equity	Statement of changes in taxpayers equity— Council	79
Note number	Notes to the accounts	80-105
1	Statement of accounting policies	80-84
2	Grants received	85
3	Other income	85
4	Grants	86
5	National sports centres	86
6	Sports development costs	87
7	Operating costs	88
8	Net costs apportioned from Exchequer to Lottery	89
9	Commitments under operating leases	89
10	Property, plant and equipment	90-91
11	Intangible assets	92
12	Financial assets	93
13	Inventory	94
14	Assets held for sale	94
15	Trade and other receivables	94
16	Grant commitments	95
17	Trade and other payables	95
18	Provisions	96
19	Contingent liabilities and assets	97
20	Capital commitments	97
21	Pension liabilities	97-101
22	Revaluation reserves	102
23	Reconciliation of net operating expenditure to net cash outflow	102
24	Related party transactions	103-104
25	Derivatives and other financial instruments	105
26	Events after the reporting period	105

Statement of comprehensive net expenditure for the year ended 31 March 2016

	Note	Group		Council	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
Income					
Grants received	2	3,122	6,820	392	490
Other income	3	970	740	965	750
Total		4,092	7,560	1,357	1,240
Expenditure					
Grants	4	80,401	67,923	80,344	67,888
Staff costs*		4,825	4,631	4,825	4,631
National sports centres	5	3,434	3,747	3,434	3,747
Sports development costs	6	6,565	7,351	3,835	2,900
Operating costs	7	6,240	5,258	3,032	2,686
Assets gifted to subsidiaries	10	-	-	2,407	1,369
Total		101,465	88,910	97,877	83,221
Other					
Net interest on net defined benefit liability		725	700	725	700
Impairment (reversals)		(2,376)	(2,931)	-	-
Total		(1,651)	(2,231)	725	700
Net operating expenditure before interest, financial asset income and taxation		(95,722)	(79,119)	(97,245)	(82,681)
Interest receivable		37	52	37	52
Financial asset income	12	19	22	-	-
Taxation		(8)	(10)	(7)	(10)
Net operating expenditure for the year		(95,674)	(79,055)	(97,215)	(82,639)
Other comprehensive income					
Surplus owing to revaluation of properties	22	7,550	6,011	-	-
Net (loss)/gain on financial assets	12	(40)	39	-	-
Re-measurement of defined benefit liability	21	3,623	(5,932)	3,623	(5,932)
Total		(84,541)	(78,937)	(93,592)	(88,571)

*For further details refer to the Remuneration and Staff report on page 57.

All income and expenditure relates to continuing activities.

The notes on pages 80 to 105 form part of these accounts.

Statement of financial position for the year ended 31 March 2016

		Group		Council	
	Note	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Non-current assets					
Property, plant and equipment	10	98,503	89,762	396	476
Intangible assets	11	390	490	390	490
Financial assets	12	635	675	-	-
Total		99,528	90,927	786	966
Current assets					
Inventory	13	-	-	-	-
Assets held for sale	14	259	-	-	-
Trade and other receivables	15	7,966	11,096	7,400	10,622
Cash and cash equivalents		5,920	3,619	5,910	3,428
Total		14,145	14,715	13,310	14,050
Total assets		113,673	105,642	14,096	15,016
Current liabilities					
Grants outstanding	16	(6,052)	(2,229)	(6,052)	(2,229)
Trade and other payables	17	(6,856)	(8,559)	(6,992)	(8,646)
Provisions	18	(51)	(119)	-	(68)
Total		(12,959)	(10,907)	(13,044)	(10,943)
Non-current liabilities					
Provisions	18	(347)	(398)	-	-
Pension liabilities	21	(19,979)	(23,293)	(19,979)	(23,293)
Total		(20,326)	(23,691)	(19,979)	(23,293)
Total liabilities		(33,285)	(34,598)	(33,023)	(34,236)
Assets less liabilities		80,388	71,044	(18,927)	(19,220)
Taxpayers equity					
Reserves		80,388	71,044	(18,297)	(19,220)
Total		80,388	71,044	(18,927)	(19,220)

The notes on pages 80 to 105 form part of these accounts.

Jennie Price

Chief Executive and Accounting Officer
The English Sports Council
15 June 2016

Nick Bitel

Chair
The English Sports Council
15 June 2016

Statement of cash flows for the year ended 31 March 2016

		Group		Council	
	Note	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Net cash outflow from operating activities	23	(88,855)	(76,339)	(88,775)	(79,121)
Cash flows from investing activities					
Purchase of property, plant and equipment		(2,642)	(4,261)	(2,522)	(1,637)
Purchase of intangible assets		(106)	(296)	(106)	(296)
Financial asset income	12	19	22	-	-
Net cash outflow from investing activities		(2,729)	(4,535)	(2,628)	(1,933)
Cash flows from financing activities					
Grant-in-Aid – resource		58,322	57,260	58,322	57,260
Grant-in-Aid – capital		35,563	25,784	35,563	25,784
DCMS grant – relocatable pools		-	178	-	178
Net cash inflow from financing activities		93,885	83,222	93,885	83,222
Net increase in cash and cash equivalents		2,301	2,348	2,482	2,168
Cash and cash equivalents at 1 April		3,619	1,271	3,428	1,260
Cash and cash equivalents at 31 March		5,920	3,619	5,910	3,428

The notes on pages 80 to 105 form part of these accounts.

Statement of changes in taxpayers equity – Group for the year ended 31 March 2016

Group				
	Revaluation reserve £'000 Note	Pension reserve £'000 21	General reserve £'000	Total reserves £'000
Balance at 1 April 2014	18,486	(17,375)	65,648	66,759
Net operating expenditure for the year	-	-	(79,055)	(79,055)
Surplus owing to revaluation of properties	6,011	-	-	6,011
Amortisation of revaluation reserve	(273)	-	273	-
Re-measurement of defined benefit liability	-	(5,932)	-	(5,932)
Transfer between reserves	-	14	(14)	-
Net gain on financial assets	-	-	39	39
Grant-in-Aid received – resource	-	-	57,260	57,260
Grant-in-Aid received – capital	-	-	25,784	25,784
DCMS grant received – relocatable pools	-	-	178	178
Balance at 31 March 2015	24,224	(23,293)	70,113	71,044
Net operating expenditure for the year	-	-	(95,674)	(95,674)
Surplus owing to revaluation of properties	7,550	-	-	7,550
Amortisation of revaluation reserve	(717)	-	717	-
Re-measurement of defined benefit liability	-	3,623	-	3,623
Transfer between reserves	-	(309)	309	-
Net (loss) on financial assets	-	-	(40)	(40)
Grant-in-Aid received – resource	-	-	58,322	58,322
Grant-in-Aid received – capital	-	-	35,563	35,563
Balance at 31 March 2016	31,057	(19,979)	69,310	80,388

The notes on pages 80 to 105 form part of these accounts.

Statement of changes in taxpayers equity – Council for the year ended 31 March 2016

Council				
		Pension reserve £'000	General reserve £'000 21	Total £'000
	Note			
Balance at 1 April 2014		(17,375)	3,504	(13,871)
Net operating expenditure for the year		-	(82,639)	(82,639)
Re-measurement of defined benefit liability		(5,932)	-	(5,932)
Transfer between reserves		14	(14)	-
Grant-in-Aid received – resource		-	57,260	57,260
Grant-in-Aid received – capital		-	25,784	25,784
DCMS Grant received – relocatable pools		-	178	178
Balance at 31 March 2015		(23,293)	4,073	(19,220)
Net operating expenditure for the year		-	(97,215)	(97,215)
Re-measurement of defined benefit liability		3,623	-	3,623
Transfer between reserves		(309)	309	-
Grant-in-Aid received – resource		-	58,322	58,322
Grant-in-Aid received – capital		-	35,563	35,563
Balance at 31 March 2016		(19,979)	1,052	(18,927)

The notes on pages 80 to 105 form part of these accounts.

Notes to the accounts

1 Statement of accounting policies

These accounts have been prepared in accordance with Article 14 of the Royal Charter of The English Sports Council (Sport England) account directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury and the 2015-16 Government Financial Reporting Manual (FReM) issued by HM Treasury. A copy of the account directions can be obtained from Sport England at 21 Bloomsbury Street, London, WC1B 3HF. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted by the European Union, and as adapted or interpreted for the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate and which gives a true and fair view has been selected.

The particular policies adopted by Sport England as set out and described below have been applied consistently to all periods presented in these accounts.

1.1 Accounting convention

The accounts have been prepared on a going concern basis under the historical cost convention modified by the revaluation of assets and liabilities to fair value.

Without limiting the information given, the accounts of Sport England Grant-in-Aid meet the requirements of the Companies Act 2006, the International Accounting Standards Board and the HM Treasury guidance on accounts of Non-Departmental Public Bodies, as set out in the FReM, in so far as those requirements are appropriate to Sport England.

1.2 Going concern

Sport England continues to adopt the going concern concept in the preparation of Sport England's Grant-In-Aid (Exchequer) accounts.

The Group and Council's Statement of financial position 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 Grant-in-Aid from Sport England's sponsoring department, the Department for Culture, Media and Sport (DCMS). Under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Sport England has an Exchequer settlement agreed with DCMS to 31 March 2020 for resource funding with capital funding agreed to 31 March 2021, all subject to continuing Parliamentary approval.

1.3 Basis of consolidation

The Group accounts consolidate the accounts of Sport England (Council), The Sports Council Trust Company (a Charity), and English Sports Development Trust Limited (formerly Caversham Lakes Trust Limited). Details of the Group's investment in subsidiary undertakings are contained in note 12.

The accounts of The Sports Council Trust Company and English Sports Development Trust Limited have been included in the consolidation for all periods presented in these accounts, on the basis that Sport England holds controlling voting rights in these concerns and that it exercised significant management and financial control over their affairs. All the accounts consolidated are made up to 31 March 2016.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings are included in the Statement of comprehensive net expenditure from the date of acquisition. Intra-group transactions are eliminated fully on consolidation.

No acquisition or disposal of subsidiary undertakings occurred in the year.

Separate accounts have been prepared for Sport England's Lottery activities (pages 110 to 128), in accordance with the Lottery Accounts Direction issued by the Secretary of State for Culture, Media and Sport, which follow different accounting policies.

1.4 Income recognition

All income, except for government grants and financial asset income referred to below, is accounted for on an accruals basis, net of VAT. HM Treasury has judged that Grant-in-Aid and grants from our sponsoring body, DCMS, should be recognised on a receipts basis as financing and therefore credited directly to reserves as opposed to income.

Government grants, including Lottery funding, in respect of capital and revenue expenditure are credited to the Statement of comprehensive net expenditure in the year in which the entitlement to the monies arise in accordance with the application of IAS 20 recommended by the FReM.

Financial asset income is recognised on a receipts basis due to the timing of statements from the investment fund. The accounting treatment adopted materially matches income accrued.

1.5 Grants

Grant awards are recognised as expenditure, and if unpaid, as liabilities if a constructive obligation exists.

For a constructive obligation to exist the award commitment must be communicated directly to the award recipient, and Sport England has the authority to commit the expenditure. Grant awards are only recognised in the year of funding as the Grant-in-Aid accounts cannot guarantee funding in future years.

Grant awards which are funded from future year's funding are shown as contingent liabilities (shown as future commitments – note 16).

1.6 Other expenditure

Staff costs are recognised as an expense at the time that the organisation is obligated to pay them and include the cost of any recorded untaken leave at the end of the financial year.

Costs relating to the National sports centres, Sports development and Operating costs are expensed in the year in which they are incurred.

Sport England is required to apportion expenditure between its Exchequer and National Lottery Distribution Fund (Lottery) activities. The apportionment of expenditure is calculated using metrics derived from the organisation's annual business planning process, unless the costs are considered to be entirely Exchequer or Lottery related. The resulting cost allocations are subject to annual review by the Executive Team. These calculations are also subject to audit.

The current methodology calculates charges on a full cost recovery basis in accordance with HM Treasury's Managing Public Money. The expenditure apportioned under this methodology to Sport England Lottery activities are reimbursed to the Exchequer account (note 8).

1.7 Property operating leases

Payments made under operating leases (rental agreements) are recognised in the Statement of comprehensive net expenditure on a straight line basis over the term of the lease. Lease incentives (e.g. rent free periods) are recognised as an integral part of the total lease expense, over the term of the lease. Included within inventory is one operating lease for a nominal consideration.

1.8 Assets gifted to subsidiaries

Assets gifted to subsidiaries are expensed in the year in which they are gifted.

1.9 Property, plant and equipment

All property, plant and equipment, other than IT Equipment, are owned by The Sports Council Trust Company (SCTC). Asset additions are funded by a Lottery grant from the Sport England Lottery Fund and capital works paid for by Sport England Grant-in-Aid and gifted to the SCTC.

Land and Buildings

Valuations are carried out by external experts. Land is valued annually. Full valuations of buildings are carried out on a quinquennial basis, between full valuations annual indexation is applied. The last full valuation of buildings was carried out as at 31 March 2014.

Valuations are based on Depreciated Replacement Cost (DRC) for specialist properties, and open market value for other properties.

The DRC basis generates an open market valuation of the land. The valuation of each building is derived through an estimate being made 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.

Any assets under construction are valued at the costs incurred to date.

Artworks and Antiques

The artworks and antiques are valued by external experts. The last valuation was carried out as at 31 March 2014. The valuations are derived with reference to the retail market (at the valuation date) and the probable cost of replacing the items when compared with items in a similar condition.

Equipment and leasehold improvements

Other property, plant and equipment have not been re-valued as fair value is considered not to be materially different to depreciated historic cost.

The capitalisation threshold is £1,000 and assets purchased below the capitalisation threshold are normally expensed in year, with the exception of grouped assets. Grouped assets are assets, which individually, are less than £1,000 however together form a single collective asset.

Depreciation

Depreciation is provided on all property, plant and equipment, except freehold land and artworks and antiques, at rates calculated to write off the cost or valuation, less estimated residual value evenly over its expected useful life.

Buildings	Unexpired life, maximum of 65 years
Bund	40 years
Leasehold Improvement	Expected life of lease
Equipment	5 years
IT Equipment	3 years

No depreciation is applied in the year of acquisition or construction. A full year's depreciation is charged in the year of disposal.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale and the carrying amount of the asset and is recognised in the Statement of comprehensive net expenditure for the period.

1.10 Intangible assets

Intangible assets predominantly comprise software installed and utilised in our computer systems.

Software is amortised on a straight line basis over three years. The capitalisation threshold is £1,000 and assets purchased below the capitalisation threshold are normally expensed in year with the exception of grouped assets. Intangible assets are reviewed annually for impairment and are stated at amortised historic cost.

1.11 Financial assets

Subsequent to purchase, listed stocks and shares are recognised at fair value based on reference to the market in which they exist. These assets are classified as available for sale assets; however there is no immediate intention to sell.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with commercial banks.

1.13 Trade and other receivables

Trade and other receivables are recognised at fair value, less a provision for any specific impairment.

A provision for the impairment of trade receivables is established when there is objective evidence that Sport England will not be able to collect all amounts due in accordance with the original terms of the receivables.

1.14 Inventory

Inventory is valued at the lower of cost or net realisable value (note 13).

Inventory is accounted for as current assets as their ownership by Sport England is considered to be of a temporary nature.

1.15 Assets held for sale

Non-current assets which are intended to be disposed of within the next year and are being actively marketed will be classified as an asset held for sale and recognised at the lower of the net book value and its fair value less costs of sale.

1.16 Trade and other payables

Trade and other payables are recognised at fair value.

1.17 Dilapidations

Provision for the probable cost of dilapidations at the date of the expected termination of the lease is made in the accounts in the year in which it is decided not to renew the lease.

1.18 Taxation

VAT

Sport England is involved in business and non-business activity for VAT purposes and operates a partial recovery methodology. Sport England recovers all VAT incurred on the business activity of running the National Sports Centres and on project and other costs which are recharged to partners. In the normal course of business VAT is

charged at the standard rate as and where appropriate.

Corporation Tax

Sport England pays corporation tax on bank interest received net of bank charges. In the case of the subsidiary companies, corporation tax is payable on income derived from trading activities.

1.19 Pensions

Defined contribution scheme

Payments are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit scheme

A defined benefit scheme is a post-employment benefit plan. Sport England's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

The pension liabilities and assets of the defined benefit scheme are recorded in accordance with IAS 19. This measures the value of pension assets and liabilities at the Statement of financial position date, determines the benefits accrued in the year, and the interest on the scheme's assets and liabilities. This valuation is undertaken by an independent actuary. The value of the benefits accrued during the year (current service costs), past service costs, and gains and losses on curtailments and settlements are recognised in the Statement of comprehensive net expenditure within staff costs. The net interest expense on the net defined liability is shown in the Statement of comprehensive net expenditure.

The scheme's administration expenses are shown in the Statement of comprehensive net expenditure within operating costs.

Re-measurement of the net defined benefit liability which comprises actuarial gains and losses and returns on plan assets (in

excess of interest), is recognised immediately in the Statement of financial position and in Other comprehensive income.

The resulting pension liability or asset is shown in the Statement of financial position, and is apportioned between Exchequer and Lottery activities based on the combination of the historic rate of 40% Exchequer and 60% Lottery and the current year corporate average cost allocation as determined by the methodology in note 1.6.

1.20 Use of estimates and judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenditure. Actual results may differ from the estimates used.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates are made in relation to tangible assets held by the National Sports Centres including the valuation and revaluation, dilapidation, impairment and depreciation of Land and Buildings, as well as the valuation of artwork and antiques. They are made also in relation to the pension scheme defined benefit plan assets and liabilities which determine the scheme's deficit position.

1.21 Accounting standards that have been issued but not adopted

There are no accounting standards that have been issued that have not been applied to these accounts.

2 Grants received

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Department for Education ¹	392	490	392	490
Lottery grant ²	2,730	6,330	-	-
Total	3,122	6,820	392	490

¹ The grant from the Department for Education is to support the delivery of competitive school sport and the school games. The £0.4 million grant was to support volunteer coaches and leaders (2015: £0.5 million). All conditions of this grant have been met.

² The Lottery grant received from the Sport England Lottery Fund financed the media planning and buying for the women's marketing campaign "This Girl Can" of £2.7 million (2015: £4.4million), and capital improvements at Bisham Abbey and Lilleshall National Sports Centres £nil (2015: £1.9 million).

3 Other income

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
External funding income	138	50	138	50
Active people survey recharges	301	275	301	275
Asset hire recharges	270	330	270	330
Bloomsbury Street recharges	-	29	-	29
Other income	261	56	256	66
Total	970	740	965	750

Other income is shown net of income apportioned to the Sport England Lottery Fund. Note 8 details the gross income and the recharge to the Lottery accounts.

4 Grants

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Resource grants				
Participation	35,694	32,843	35,665	32,808
Facilities	338	-	338	-
Talent	305	122	305	122
School sport and school games	11,202	11,328	11,202	11,328
Total	47,539	44,293	47,510	44,258
Capital grants				
NGB whole sport plans	9,576	10,039	9,576	10,039
Football foundation	10,000	10,000	10,000	10,000
Football facilities fund— Parklife	8,000	-	8,000	-
Other capital grants	5,324	4,161	5,296	4,161
Total	32,900	24,200	32,872	24,200
Total	80,439	68,493	80,382	68,458
Grant recoveries	(38)	(570)	(38)	(570)
Total	80,401	67,923	80,344	67,888

The headings for 2015 have been changed to better reflect the current reporting and business descriptions applied. There is no change to the aggregate total of grants and the resource and capital split.

5 National sports centres

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Income	6,635	6,484	6,635	6,484
Expenditure				
Centre management fees	8,307	8,494	8,307	8,494
Other expenditure	1,762	1,737	1,762	1,737
Total	10,069	10,231	10,069	10,231
Net expenditure	3,434	3,747	3,434	3,747

The Sports Council Trust Company (a Sport England subsidiary) owns the National Sports Centres: Bisham Abbey, Lilleshall and Plas y Brenin. The value of the assets can be seen in note 10 under the categories Land, buildings and bund. Sport England manages and funds the operational contracts of the National Sports Centres on behalf of The Sports Council Trust Company.

6 Sports development costs

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Grant programme support costs				
NGB whole sport plans	33	29	33	29
Participation	227	140	227	140
Facilities	161	7	161	7
School sport and school games	19	64	19	64
Project management	626	434	626	434
Total	1,066	674	1,066	674
Other sports development costs				
Legal	27	34	27	34
Measurement surveys ¹	1,487	1,178	1,487	1,178
Research	198	156	198	156
Facilities expertise and support	266	249	266	249
Planning data and guidance	503	436	503	436
Communications	23	-	22	-
Equality standards	1	-	1	-
Programme development	18	15	18	15
Other costs	(16)	(41)	(16)	(41)
Irrecoverable VAT	263	199	263	199
Media buying and planning ²	2,729	4,451	-	-
Total	5,499	6,677	2,769	2,226
Total	6,565	7,351	3,835	2,900

Sports development costs support the delivery of our award programmes as well as promoting the development of sport to create increased sporting opportunities in local communities.

Costs are shown net of costs apportioned to the Sport England Lottery Fund. Note 8 details the gross costs and the recharge to the Lottery accounts.

¹This is a combination of the Active People Survey and the Active Lives Survey, these provide Sport England's primary performance indicators. The Active Lives Survey is replacing the Active People Survey in 2016-17 and ran parallel with the Active People Survey for the final six months of 2015-16. The Active Lives Survey takes advantage of the changing patterns of telephone and technology use, and adapts a postal to web approach to gather relevant data.

² These costs are in relation to the women's marketing campaign "This Girl Can" funded by a Lottery grant from the Sport England Lottery Fund (note 2).

7 Operating costs

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Auditor's remuneration ¹	74	71	57	56
Board expenses	4	5	4	5
Communications	34	43	34	43
Depreciation	3,658	3,098	402	482
Grant outsourcing costs	239	182	239	182
Internal audit and governance	62	83	62	83
Irrecoverable VAT	314	90	314	90
IT infrastructure and systems costs	375	445	375	445
Legal	370	78	370	78
Other costs	100	(28)	100	(28)
Other staff costs	51	53	51	53
Property operating leases ²	501	660	567	720
Bloomsbury Street fit-out costs	16	33	16	33
Staff training	111	122	111	122
Travel and subsistence	283	277	282	276
Defined benefit scheme admin charges	48	46	48	46
Total	6,240	5,258	3,032	2,686

Operating costs are shown net of costs apportioned to the Sport England Lottery Fund. Note 8 details the gross costs and the recharge to the Lottery accounts, which includes provisions made in the year.

¹ No other payment was made to the auditors for non-audit work. The Group audit fees for the year were £73,500 (2015: £74,400), the Council audit fees for the year were £56,500 (2015: £57,400). Included within the Council for 2016 is £4,000 relating to the fees of English Sports Development Trust Limited (2015: £4,900) which were paid on its behalf by Sport England. With regard to 2015, there was an overprovision of £2,000 for the Group and £1,000 for the Council in 2014, which resulted in reduced expenditure for the year.

² 2015 included £0.1 million of new provisions for dilapidations at two leased properties) (note 18).

8 Net costs apportioned from Exchequer to Lottery – Group

Note	2016			2015		
	Gross	Lottery recharge	Net	Gross	Lottery recharge	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Other income	(2,243)	1,273	(970)	(1,613)	873	(740)
Staff costs	15,624	(10,799)	4,825	15,502	(10,871)	4,631
Sports development	15,790	(9,225)	6,565	15,682	(8,331)	7,351
Operating costs	10,062	(3,822)	6,240	10,150	(4,892)	5,258
Total	39,233	(22,573)	16,660	39,721	(23,221)	16,500

8 Net costs apportioned from Exchequer to Lottery – Council

Note	2016			2015		
	Gross	Lottery recharge	Net	Gross	Lottery recharge	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Other income	(2,238)	1,273	(965)	(1,623)	873	(750)
Staff costs	15,624	(10,799)	4,825	15,502	(10,871)	4,631
Sports development	13,061	(9,225)	3,836	11,231	(8,331)	2,900
Operating costs	6,854	(3,822)	3,032	7,578	(4,892)	2,686
Total	33,301	(22,573)	10,728	32,688	(23,221)	9,467

The basis of apportionment of net costs between Exchequer and Lottery is set out in note 1.6. The amounts set out in the Lottery accounts include these costs plus costs borne wholly by Lottery.

9 Commitments under operating leases

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Land & buildings				
Expiring within one year	970	898	970	898
Expiring between one & five years	4,012	3,841	4,012	3,841
Expiring after at least five years	1,537	2,507	1,537	2,507
Total	6,519	7,246	6,519	7,246

Operating leases are held in the name of The Sports Council Trust Company, and are recharged to Sport England. The total values of commitments under these leases are therefore treated as those of Sport England.

The commitments reflect the earliest break clause within the lease. Total future payments expected under non-cancellable subleases is £1.2 million (2015: £1.3 million).

10 Property, plant and equipment – Group

	Land	Buildings and Bund	Leasehold Improvm't	Equipm't	IT Equipm't	Artworks and Antiques	Under Constr-uction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2014	11,416	78,833	1,644	2,633	1,131	827	3,731	100,215
Additions	-	1,876	353	969	132	-	186	3,516
Disposals	-	(1,023)	(1,615)	(20)	-	-	-	(2,658)
Revaluation	1,321	4,690	-	-	-	-	-	6,011
Impairment reversals	-	2,931	-	-	-	-	-	2,931
Transfers	-	2,955	776	-	-	-	(3,731)	-
At 31 March 2015	12,737	90,262	1,158	3,582	1,263	827	186	110,015
Additions	-	167	15	(2)	150	-	2,194	2,524
Disposals	-	-	-	(544)	(518)	-	-	(1,062)
Revaluation	1,393	6,157	-	-	-	-	-	7,550
Impairment reversals	17	2,359	-	-	-	-	-	2,376
Transfers	-	(80)	-	-	80	-	-	-
Transfer to AHFS*	(82)	(240)	-	-	-	-	-	(322)
At 31 March 2016	14,065	98,625	1,173	3,036	975	827	2,380	121,081
Depreciation								
At 1 April 2014	-	16,005	1,457	1,847	757	-	-	20,066
Charge for year	-	2,211	186	239	209	-	-	2,845
Disposals	-	(1,023)	(1,615)	(20)	-	-	-	(2,658)
At 31 March 2015	-	17,193	28	2,066	966	-	-	20,253
Charge for year	-	2,658	153	448	191	-	-	3,450
Disposals	-	-	-	(544)	(518)	-	-	(1,062)
Transfer to AHFS*	-	(63)	-	-	-	-	-	(63)
At 31 March 2016	-	19,788	181	1,970	639	-	-	22,578
Net Book Value								
At 31 March 2015	12,737	73,069	1,130	1,516	297	827	186	89,762
At 31 March 2016	14,065	78,837	992	1,066	336	827	2,380	98,503

*Assets held for sale at net book value is shown in note 14.

Assets are valued in accordance with the accounting policy (note 1.9).

The last full valuation of land, buildings and bund was carried out as at 31 March 2014 by Wilks Head & Eve LLP, a quality assured partnership which provides expert specialist advice in asset valuations and surveying. The valuation was in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards ('The Red Book'). Land, buildings and bund comprise freehold properties which are restricted in their use and cannot be readily realised. All assets are owned, no assets are supported by either finance leases or PFI contracts.

During 2015-16 and 2014-15, the value of land, and that of buildings and bund increased through revaluation and impairment reversals. Revaluation and impairments reversals are largely driven by the Depreciated Replacement Cost (DRC) basis for valuing assets of a specialist nature. Revaluation and

Impairment reversals are a direct result of an increase in the BCIS indices that are utilised and applied under the DRC Valuation methodology.

In 2015-16 revaluation and impairment reversals amounted to £9.926million and 2014-15 £8.942 million.

There is a collection of art works, furniture and fittings at Bisham Abbey that date from the 16th century. The historical significance of these assets classifies the collection as Art Works and Antiques. The collection was last valued as at 31 March 2014

10 Property, plant and equipment – Council

	Buildings £'000	Equipment £'000	IT Equipment £'000	Total £'000
Cost				
At 1 April 2014	-	183	1,131	1,314
Additions	1,369	148	120	1,637
Gifted assets ¹	(1,369)	-	-	(1,369)
At 31 March 2015	-	331	1,251	1,582
Additions	2,379	(8)	151	2,522
Gifted assets	(2,379)	(9)	(19)	(2,407)
Disposals	-	(109)	(518)	(627)
At 31 March 2016	-	205	865	1070
Depreciation				
At 1 April 2014	-	121	756	877
Charge for year	-	20	209	229
At 31 March 2015	-	141	965	1,106
Charge for year	-	35	160	195
Disposals	-	(109)	(518)	(627)
At 31 March 2016	-	67	607	674
Net Book Value				
At 31 March 2015	-	190	286	476
At 31 March 2016	-	138	258	396

¹ Sport England has gifted assets to its subsidiary, The Sports Council Trust Company. The assets gifted are relevant to the operational activities of the National Sports Centres. All assets are owned, no assets are supported by either finance leases or PFI contracts.

11 Intangible assets

	Group £'000	Council £'000
Cost		
At 1 April 2014	3,210	3,210
Additions	296	296
At 31 March 2015	3,506	3,506
Additions	106	106
Disposals	(181)	(181)
At 31 March 2016	3,431	3,431
Depreciation		
At 1 April 2014	2,763	2,763
Charge for year	253	253
At 31 March 2015	3,016	3,016
Charge for year	208	208
Disposals	(181)	(181)
At 31 March 2016	3,042	3,042
Net Book Value		
At 31 March 2015	490	490
At 31 March 2016	390	390

Intangible assets comprise computer software which provides ongoing economic benefits.

12 Financial assets

Listed stocks and securities

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Market value at 1 April	675	636	-	-
Revaluation of financial asset	(40)	39	-	-
Market value at 31 March	635	675	-	-

Listed stocks and securities relate to a managed investment fund held by The Sports Council Trust Company.

The income received on the investment fund for the year to March 2016 was £19,000 (2015: £22,000).

The historical cost of the asset at 31 March 2016 was £0.6 million (2015: £0.6 million).

Group investments in subsidiary undertakings

Company and Country of Incorporation	Financial Activity	Proportion held	Status of Subsidiary	Total reserves at 31 March	Net income
The Sports Council Trust Company (England and Wales)	Charitable trust dedicated to the promotion of sport	Sole member 100% guarantor	Active	2016: £99.3m 2015: £90.3m	2016: £1.5m 2015: £3.6m
English Sports Development Trust Limited (England and Wales)	Media buying for campaign to increase women and girls participation in sport	Sole member 100% guarantor	Active	2016: Nil 2015: Nil	2016: Nil 2015: Nil

English Sports Development Trust Limited

The Company's activities are entirely funded by a Lottery grant from the Sport England Lottery Fund.

13 Inventory

Inventory consists of the remaining plant filtration equipment relating to the relocatable legacy pool project that was transferred from the Olympic Development Authority (ODA) to Sport England in 2012 following the London 2012 Olympic Games. The transfer of the inventory was at nil consideration. This equipment is treated as current assets at nil value as the intention is to dispose of it as soon as possible for nil consideration.

Of the nine relocatable swimming pools, three have been transferred to permanent sites and a further two are expected to be transferred by the end of 2016. One pool continues to be leased, until June 2016, at a nominal consideration.

The three remaining pools have been returned to the manufacturer and are unlikely to be relocated to a permanent site.

14 Assets held for sale at net book value

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
As at 31 March 2015	-	-	-	-
Transfer from land and buildings	259	-	-	-
Total	259	-	-	-

Assets held for sale includes land and buildings at cost of £0.32million and accumulated depreciation of £63k.

On 1 April 2015 the land and buildings of Ashlands House, Crewkerne were classified as an asset held for sale as a result of the property being actively marketed for sale. Ashlands House, Crewkerne was previously classified as land and buildings, as the property was formerly used by Sport England. An offer was received in September 2015 and the sale of this property is expected to be completed during 2016-17.

15 Trade and other receivables

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade receivables	1,379	1,325	1,298	1,235
Grant receivable – Sport England NLDF	-	118	-	-
Other receivables	543	243	543	243
Staff travel loans	69	63	69	63
Prepayments and accrued income	1,523	1,195	1,038	929
Sport England NLDF	4,452	8,152	4,452	8,152
Total	7,966	11,096	7,400	10,622

16 Grant commitments

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Grants outstanding reflected in the accounts	6,052	2,229	6,052	2,229
Total	6,052	2,229	6,052	2,229

Future commitments.

On the undertaking that funds are to be provided by DCMS, Sport England at 31 March 2016 had entered into commitments to pay grants to award recipients in respect of their approved programmes in the following years. As at 31 March 2016 these commitments have not been recognised in the statement of Comprehensive Net Expenditure Account or the Statement of Financial Position.

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
2015-16	-	47,010	-	47,010
2016-17	33,712	27,912	33,712	27,912
Total	33,712	74,922	33,712	74,922

17 Trade and other payables

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade payables	248	180	248	175
Corporation tax	9	11	8	11
Accruals	6,131	7,836	6,074	7,402
Pre-paid income	18	4	-	-
Other payables	450	528	450	528
The Sports Council Trust Company	-	-	194	321
English Sports Development Trust Limited	-	-	18	209
Total	6,856	8,559	6,992	8,646

18 Provisions

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Amounts falling due within one year:				
Balance at 1 April	119	1,124	68	34
Reclassification from after one year	51	51	-	-
Utilised during the year	(119)	(878)	(68)	-
Reversed unused	-	(212)	-	-
Provided during the year	-	34	-	34
Balance at 31 March	51	119	-	68

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Amounts falling due after one year:				
Balance at 1 April	398	155	-	-
Reclassification to within one year	(51)	(51)	-	-
Provided during the year	-	294	-	-
Balance at 31 March	347	398	-	-

The provisions remaining above relate to the properties situated at Cardigan Road, Leeds and Bloomsbury Street, London as detailed below:

Cardigan Road

Sport England's head lease with the landlord runs to April 2018.

By way of an under lease arrangement with Sport England, this property was used as offices by sports coach UK. On vacation of the property by sports coach UK, and with no new tenant to occupy the space, an onerous lease provision of £0.2 million was made in 2014. In both 2015 and 2016 £51,000 has been utilised per annum.

There continues to be no likelihood of a new tenant before the lease expires in April 2018.

In 2015 a provision of £0.1 million was made to cover the costs of dilapidations on the termination of the lease in 2018.

Bloomsbury Street

This is the main operational premises occupied by Sport England. The lease expires in November 2022 with no option to extend. A provision of £0.2 million was made in 2015 to cover the costs of dilapidations.

Provisions released during the year

The dilapidations provision for Harrison Rocks at 31 March 2015 has been fully utilised during 2016.

19 Contingent liabilities and assets

Contributions towards property, plant and equipment

In 1979, the Football Association (FA) contributed £0.5 million towards the construction of a hostel at Lilleshall National Sports Centre. A management agreement with the FA was entered into by Sport England 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 Sport England were to terminate the agreement at any time before 2039, then a proportion of the £0.5 million would fall due to be paid to the FA calculated by the reference to effluxion of time. The Board consider it unlikely that the agreement will be terminated by Sport England.

Lease commitments

Commitments under operating leases held by The Sports Council Trust Company are

shown in note 9. Common to the leases is the requirement to hand-back the premises at the end of the lease period in a good condition and dilapidation provisions have been made as stated in note 18.

English Bridge Union (EBU) judicial review

The EBU challenged Sport England's decision, through the judicial review process, that bridge should not be recognised as a sport. The court decided in October 2015 in Sport England's favour. From that decision we have had partial recovery of our costs. The court is still reviewing the possibility of awarding a further sum. The potential recovery falls within the range of £0k to £70k and has been treated as a contingent asset and no amount has been taken into these accounts.

20 Capital commitments

The Group had capital commitments contracted but not provided for in the financial statements as 31 March 2016 amounting to £70k (2015: £66k).

21 Pension liabilities

Sport England has a defined benefit scheme with the London Pension Fund Authority (LPFA) which was closed to new members on 30 September 2005. Sport England also operates a Group Personal Pension Plan (GPPP) defined contribution scheme with Aviva which is available to employees who commenced service from 1 October 2005 onwards.

Defined benefit LPFA plan

Sport England is one of a large number of employers whose staff participates in the scheme, however the information given in this note relates only to Sport England Exchequer. The pension liabilities are now managed within one scheme following the

merger of the 440 scheme (closed after the restructure of the Sports Council in 1997) and the current 460 scheme on 1 April 2015.

The new combined scheme is funded by employee and employer contributions at actuarially determined rates based on current members.

Additional employer contributions are paid into the scheme to reduce the deficit as advised by the scheme's actuaries based on triennial valuations. The most recent triennial valuation was at 31 March 2013.

21 Pension liabilities (continued)

Sport England will also make additional voluntary contributions to the scheme where the funding is available to do so.

Under Sport England's management agreement with its sponsoring department

DCMS all assets and liabilities on the defined benefit scheme will be passed to a successor body if Sport England were to be wound up. If there was no successor body then the assets and liabilities would revert to DCMS.

The tables below show employee contribution rates and employer contributions for 2015 and 2016 and those that are expected to be made in 2017 for the Exchequer portion of the scheme:

Employee contribution rates			
2016 salary range	Contribution rate	2015 salary range	Contribution rate
Less than £13,600	5.5%	Less than £13,500	5.5%
£13,601-£21,200	5.8%	£13,501-£21,000	5.8%
£21,201-£34,400	6.5%	£21,001-£34,000	6.5%
£34,401-£43,500	6.8%	£34,001-£43,000	6.8%
£43,501-£60,700	8.5%	£43,001-£60,000	8.5%
£60,701-£86,000	9.9%	£60,001-£85,000	9.9%
£86,001-£101,200	10.5%	£85,001-£100,000	10.5%
£101,201-£151,800	11.4%	£100,001-£150,000	11.4%
Over £151,801	12.5%	Over £150,000	12.5%

Employer contributions to schemes			
	2017	2016	2015
All figures in £'000s			
% Employer contributions	12%	12%	12%
Contributions to pension schemes			
Employer contributions	138	138	143
Required additional contributions	550	550	533
Voluntary additional contributions	-	102	335
Total contributions to pension schemes	688	790	1,011

International Accounting Standard IAS19 Employees Benefits requires the disclosure of additional information, in respect of the Sport England's superannuation scheme. The information has been provided by the LPFA's consulting actuaries. The actuaries have not made separate valuations for the Sport England Exchequer and Lottery liabilities. The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies (note 1.19).

21 Pension liabilities (continued)

The following information relates to the scheme as a whole:

Employer membership statistics			
	Number	Salaries/Pensions £'000	Average age
Actives ¹	68	3,143	46
Deferred pensioners ¹	568	2,139	47
Pensioners ¹	354	2,760	68
Unfunded pensioners ²	133	429	73

¹ Represents membership data as at the latest triennial valuation (31 March 2013) for members receiving funded benefits.

² Represents membership data as at 31 March 2016 for members receiving unfunded benefits.

Financial assumptions (expressed as weighted average)			
	2016 % per annum	2015 % per annum	2014 % per annum
Price increases – RPI	3.2%	3.2%	3.6%
Price increases – CPI	2.3%	2.4%	2.8%
Salary increase	4.1%	4.2%	4.6%
Pension increase	2.3%	2.4%	2.8%
Discount rate	3.7%	3.3%	4.4%

Life expectancy assumptions from age 65			
		2016 Years	2015 Years
Retiring today	Males	22.7	22.7
	Females	25.4	25.3
Retiring in 20 years	Males	25.1	25.0
	Females	27.7	27.6

The following information relates to the **Exchequer portion** of the fund only:

Statement of financial position disclosure			
	2016 £'000	2015 £'000	2014 £'000
Present value of funded liabilities	(50,603)	(54,575)	(47,113)
Fair value of employer assets	33,643	34,544	32,796
Present value of unfunded liabilities	(3,019)	(3,262)	(3,058)
Net liability in the Statement of financial position	(19,979)	(23,293)	(17,375)
Liabilities	(53,622)	(57,837)	(50,171)
Assets	33,643	34,544	32,796
Net liability in the Statement of financial position	(19,979)	(23,293)	(17,375)

21 Pension liabilities (continued)

The major categories of plan assets as a percentage of total plan assets				
	2016 £'000	%	2015 £'000	%
Equities	15,628	46	14,987	43
LDI/Cash flow matching	3,410	10	2,593	8
Target return portfolio	7,157	21	9,986	29
Infrastructure	1,843	5	1,711	5
Commodities	151	1	322	1
Property	1,200	4	979	3
Cash	4,254	13	3,966	11
Total	33,643	100	34,544	100

Amounts recognised in the Statement of comprehensive net expenditure		
	2016 £'000	2015 £'000
Service cost	326	251
Net interest on the net defined benefit liability	725	700
Administration expenses	48	46
Total	1,099	997

Re-measurements in Other comprehensive income		
	2016 £'000	2015 £'000
Return on plan assets in excess of interest	(1,391)	758
Change in financial assumptions	5,012	(6,691)
Experience gain on defined benefit obligation	2	1
Total	3,623	(5,932)

Changes in the present value of the defined benefit obligation		
	2016 £'000	2015 £'000
Opening defined benefit obligation	57,837	50,171
Service cost	326	251
Interest cost	1,886	2,176
Change in financial assumptions	(5,012)	6,691
Experience gain on defined benefit obligation	(2)	(1)
Contributions by members	98	103
Estimated unfunded benefits paid	(175)	(174)
Estimated benefits paid	(1,336)	(1,380)
Closing defined benefit obligation	53,622	57,837

21 Pension liabilities (continued)

Changes in the fair value of the plan assets		
	2016 £'000	2015 £'000
Opening fair value of employer assets	34,544	32,796
Interest on assets	1,161	1,476
Return on assets less interest	(1,391)	758
Administration expenses	(48)	(46)
Contributions by members	98	103
Contributions by employer	790	1,011
Estimated benefits paid	(1,511)	(1,554)
Closing fair value of employer assets	33,643	34,544

Sensitivity Analysis			
	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	52,674	53,622	54,587
Projected service cost	245	251	258
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	53,677	53,622	53,567
Projected service cost	251	251	251
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	54,543	53,622	52,715
Projected service cost	258	251	245
Adjustment to life expectancy assumption	+1 Year	None	-1 Year
Present value of total obligation	55,266	53,622	52,028
Projected service cost	258	251	245

Defined contribution Aviva GPPP

Employer contributions for staff members of this scheme for the year ended 31 March 2016 were £0.2 million (2015: £0.2 million). Auto enrolment was implemented from April 2014. There were no amounts outstanding or pre-paid at 31 March 2016 (2015: £nil).

Contribution rates ¹	
Employee	Employer
1%	2%
3%	3%
4%	5%
5%	8%
6.5%	11%

¹Contribution rates apply to all salary levels

22 Revaluation reserves

	Group	
	2016 £'000	2015 £'000
Land and buildings		
Balance at 1 April	24,224	18,486
Surplus owing to revaluation of properties	7,550	6,011
Amortisation of revaluation reserve	(717)	(273)
Balance at 31 March	31,057	24,224

For further detail relating to the surplus owing to the revaluation of properties then reference needs to be made to note 10 "property, plant and equipment – group".

23 Reconciliation of net operating expenditure to net cash outflow from operating activities

	Group		Council	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Net operating expenditure	(95,722)	(79,119)	(97,245)	(82,681)
Depreciation	3,658	3,098	402	482
Loss on revaluation	(2,376)	(2,931)	-	-
Net interest on net defined benefit liability and administration costs	773	746	773	746
Decrease in receivables	3,129	2,509	3,221	1,498
(Decrease)/increase in payables	(1,586)	1,807	(1,654)	1,118
Increase/(decrease) in grants outstanding	3,823	(969)	3,823	(969)
(Decrease)/increase in provisions	(119)	(762)	(68)	34
LPFA service costs	326	251	326	251
LPFA employer contributions	(790)	(1,011)	(790)	(1,011)
Assets gifted to subsidiaries	-	-	2,407	1,369
Taxation	(8)	(10)	(7)	(10)
Interest received	37	52	37	52
Net cash outflow from operating activities	(88,855)	(76,339)	(88,775)	(79,121)

24 Related party transactions

Sport England is a non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party and during the year Sport England had material transactions with DCMS.

Sport England has two subsidiaries that are also regarded as related parties. There were material transactions with The Sports Council Trust Company during the year, and with the English Sports Development Trust Limited (formerly Caversham Lakes Trust Limited).

Sport England has a conflict of interest policy and Board Members, Executive Directors and staff maintain publicly available registers of interests and declare any direct interests in grant applications made to Sport England and any direct commercial relationships.

If any member has an interest in a grant application, they exclude themselves from the relevant grant appraisal, discussions and decision making processes.

The following table details where Board Members, Executive Directors and key managerial staff declared a current or past interest relating to Sport England's Exchequer funding.

The related party transactions are in relation to:

- Awards made during the year ended 31 March 2016
- Awards unpaid at 31 March 2016
- Supplier transactions during the year ended 31 March 2016. There were no unpaid amounts on these transactions at 31 March 2016.

Relationship	Awards made in 2015-16 £	Awards unpaid at 31 March 2016 £	Supplier transactions in 2015-16 £
Department for Culture, Media and Sport			
Grant-In-Aid funding	-	-	93,885,000
The Sports Council Trust Company			
Payable by Sport England	-	-	1,636,106
Nick Bitel			
Imm. Family: Member, Lawn Tennis Association	1,000,000	148,009	-
Consultant to advisors of Rugby Football Union	225,000	7,500	270
Consultant to advisors of England and Wales Cricket Board	1,723,600	135,129	-
Board Member, UK Sport	-	-	34,835
Board Member, London Legacy Development Corporation	-	-	900
Kate Bosomworth			
Consultant to advisors of Badminton England	1,834,262	17,500	196
Ian Drake			
Director and Member, British Cycling	2,792,083	915,662	-
Member, Royal Yachting Association	1,107,765	-	103
Clare Connor OBE			
Employment, England and Wales Cricket Board	1,723,600	135,129	-

24 Related party transactions (continued)

Relationship	Awards made in 2015-16	Awards unpaid at 31 March 2016	Supplier transactions in 2015-16
	£	£	£
Peter Rowley			
Director, British Weightlifting	200,905	-	-
Director, Skills Active UK	196,534	4,781	-
Member, England Athletics	818,416	20,000	-
Member, UK Sport Audit Committee	-	-	34,835
Charles Reed			
Board Member, English Federation of Disability Sport	1,231,696	-	-
Board Member, Active Gloucestershire	8,000	-	-
David Goldstone CBE			
Employment, London Legacy Development Corporation	-	-	900
Sally Gunnell OBE DL			
Partner: Employment, UK Athletics	808,816	20,000	-
Debbie Jevans CBE			
Partner: Member, National Trust	-	-	78
Jennie Price			
Partner: Consultant, The Leisure Database Company	-	-	114,132
Partner: Board Member, British Fencing	220,976	25,020	-
Partner: Board Member, Institute of Groundsmanship	-	-	295
Rona Chester			
Board Member, Football Foundation	10,072,529	72,529	-
Member, Lawn Tennis Association	1,000,000	148,009	-
Partner: Member, Lawn Tennis Association			
Member, English Golf Union	229,567	-	-
Partner: Member, English Golf Union			
Member, National Trust	-	-	78
Partner: Member, National Trust			
Lisa O'Keefe			
Member, British Cycling	2,792,083	915,662	-
Member, British Mountaineering Council	165,100	-	-
Alison Selfe			
Imm. family: Member, British Cycling	2,792,083	915,662	-
John Flook			
Member, National Trust	-	-	78
Eilish Jamieson			
Member, National Trust	-	-	78
Partner, Member National Trust			

The above table includes Directors (non-executive and executive), members of the audit committee, members of the project committee, the executive team of Sport England and principal decision makers.

In a number of cases there may be relationships not disclosed in the above table as a result of no awards being made to the third party, or supplier transactions with the third party, during the year.

25 Derivatives and other financial instruments

Sport England relies mainly on Grant-in Aid funding to finance its operations. Other than items such as trade receivables and trade payables that arise from its operations and cash resources, it holds no other financial instruments nor enters into derivative transactions.

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

The Sports Council Trust Company holds a financial instrument listed in the United

Kingdom. The return from investments is not material (2016: £19k; 2015: £22k). Due to the value of the investment held by The Sports Council Trust Company Sport England is not exposed to significant market risk. The Board of The Sports Council Trust Company regularly undertakes reviews to mitigate the risks of performance of this instrument.

Sport England does not borrow money and therefore has no exposure to interest rate risk or liquidity risk in this regard. Cash balances are held in commercial bank accounts and attract market rates of interest. Sport England does not enter into any interest rate swaps or similar financial instruments.

26 Events after the reporting period

The accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

The English Sports Council
National Lottery Distribution Fund

Accounts for the year ended 31 March 2016

Statement of the Council's and Chief Executive's responsibilities

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 HM 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.

In preparing the financial statements 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 the suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether the 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.

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 public finances for which she is answerable, and for the keeping of proper records, are set out in "Managing Public Money", issued by the HM 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).

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 Sport Council's auditors are aware of that information.

Jennie Price

Chief Executive and Accounting Officer
The English Sports Council

15 June 2016

Nick Bitel

Chair
The English Sports Council

15 June 2016

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 National Lottery Distribution Fund for the year ended 31 March 2016 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Equity; 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 and Staff Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of the Council and Chief Executive's Responsibilities, the Chief Executive and Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the English Sports Council National Lottery Distribution Fund's circumstances and have been

consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the English Sports Council National Lottery Distribution Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the English Sports Council National Lottery Distribution Fund's affairs as at 31 March 2016 and of the net income for the year then ended; and

- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

30 June 2016

Index to the National Lottery Distribution Fund Accounts

Abbreviation	National Lottery Distribution Fund Accounts	111-129
SOCNE	Statement of comprehensive net expenditure	111
SOFP	Statement of financial position	112
Cash flow	Statement of cash flows	113
Equity	Statement of changes in equity	114
Note number	Notes to the accounts	115-129
1	Statement of accounting policies	115-118
2	National Lottery Distribution Fund	118
3	Other income	119
4	Grants made	119
5	Non-cash grants	119
6	Sports development costs	120
7	Operating costs	121
8	Capital commitments	121
9	Trade and other payables	121
10	Grants payable	122
11	Contingent liabilities	122
12	Pension liabilities	122-126
13	Related party transactions	127-128
14	Derivatives and other financial instruments	129
15	Events after the reporting period	129

Statement of comprehensive net expenditure for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Income			
National Lottery share of proceeds	2	238,492	242,023
National Lottery investment returns	2	973	979
Grant recoveries		285	286
Interest receivable		5	5
Other income	3	1,224	686
Total		240,979	243,979
Expenditure			
Grants made	4	120,190	218,652
Grant de-commitments	4	(3,356)	(4,012)
Non-cash grants	5	4,038	4,923
Staff costs*		9,876	9,827
Sport development costs	6	9,225	8,331
Operating costs	7	4,446	5,298
Total		144,419	243,019
Net interest on the net defined benefit liability		1,050	1,015
Net income/(expenditure) before taxation		95,510	(55)
Taxation		(1)	(1)
Net income/(expenditure) for the year		95,509	(56)
Other comprehensive income			
Re-measurement of the defined benefit liability		5,157	(8,537)
Total comprehensive income/(expenditure) for the year		100,666	(8,593)

*Refer to Remuneration and Staff report on page 57.

All Income and Expenditure relates to continuing activities.

The notes on pages 115 to 129 form part of these accounts.

Statement of financial position for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Current assets			
National Lottery Distribution Fund	2	123,369	157,705
Trade receivables		94	83
Cash and cash equivalents		1,546	125
Total		125,009	157,913
Non-current Assets			
Trade receivables		43	124
Total assets		125,052	158,037
Current liabilities			
Trade and other payables	9	(4,452)	(8,152)
Grants payable	10	(213,757)	(238,793)
Total		218,209	(246,945)
Total assets less current liabilities		(93,157)	(88,908)
Non-current liabilities			
Grants payable	10	(42,331)	(142,620)
Pension liabilities	12	(26,772)	(31,398)
Total		(69,103)	(174,018)
Net liabilities		(162,260)	(262,926)
Equity			
General reserve		(135,488)	(231,528)
Pension reserve		(26,772)	(31,398)
Total		(162,260)	(262,926)

The notes on pages 115 to 129 form part of these accounts.

Jennie Price

Chief Executive and Accounting Officer
The English Sports Council
15 June 2016

Nick Bitel

Chair
The English Sports Council
15 June 2016

Statement of cash flows for the year ended 31 March 2016

	2016 £'000	2015 £'000
Net income/(expenditure) before taxation	95,510	(55)
Decrease in trade and other receivables	70	291
(Decrease) in trade and other payables	(3,701)	(1,070)
(Decrease) in grant commitments	(125,324)	(18,551)
Corporation tax	(1)	(1)
Movement in pension liabilities	531	49
Decrease in NLDF	34,336	19,351
Net cash inflow from operating activities	1,421	14
Net increase in cash and cash equivalents	1,421	14
Cash and cash equivalents at 1 April	125	111
Cash and cash equivalents at 31 March	1,546	125

The notes on pages 115 to 129 form part of these accounts.

Statement of changes in equity for the year ended 31 March 2016

	Pension Reserve £'000	General Reserve £'000	Total £'000
Balance at 1 April 2014	(22,812)	(231,521)	(254,333)
Net expenditure for the year	-	(56)	(56)
Re-measurement of defined benefit liability	(8,537)	-	(8,537)
Transfer between reserves	(49)	49	-
Balance at 31 March 2015	(31,398)	(231,528)	(262,926)
Net income for the year	-	95,509	95,509
Re-measurement of defined benefit liability	5,157	-	5,157
Transfer between reserves	(531)	531	-
Balance at 31 March 2016	(26,772)	(135,488)	(162,260)

The notes on pages 115 to 129 form part of these accounts.

Notes to the accounts

1 Statement of accounting policies

These accounts have been prepared in accordance with the National Lottery etc. Act 1993 (as amended), the Lottery Accounts Direction issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury in December 2014 and the 2015-16 Government Financial Reporting Manual (FReM) issued by HM Treasury. A copy of the Lottery Accounts Direction can be obtained from Sport England at 21 Bloomsbury Street, London, WC1B 3HF. The accounting policies contained in the FReM apply the requirements of the Companies Act 2006, and International Financial Reporting Standards (IFRS) as adopted by the European Union, and as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate and which gives a true and fair view has been selected.

The particular policies adopted by the Sport England National Lottery Distribution Fund (NLDF) as set out and described below have been applied consistently to all periods presented in the accounts.

1.1 Accounting convention

The accounts have been prepared on a going concern basis under the historical cost convention and only reflects the activities associated with the Sport England NLDF.

Without limiting the information given, the accounts of the Sport England NLDF meet the requirements of the Companies Act 2006, the Accounting Standards issued or adopted by the International Accounting Standards Board, the HM Treasury guidance on the accounts of Non-Departmental Public Bodies as set out in the FReM, and the National Lottery etc. Act

1993 (as amended) in so far as those requirements are appropriate to the Sport England NLDF.

In compliance with Section 35 of the National Lottery etc. Act 1993 (as amended), the accounts cover the year to 31 March 2016. Comparative figures are shown for the year ended 31 March 2015.

A separate set of accounts has been prepared for Sport England activities funded from Grant-in-Aid, in accordance with the instructions issued by the Secretary of State for Culture, Media and Sport.

1.2 Going concern

Sport England continues to adopt the going concern concept in the preparation of the Sport England NLDF accounts.

Grant commitments for future years (note 10) have been entered into after consideration of the cash requirements of grant recipients (these can extend over a number of years) and after taking account of income projections provided by the Department for Culture, Media and Sport (DCMS). In taking this view of future income the Board assumes as a matter of public policy the continued operation of the Lottery.

There is expected to be no change to the continued provision of services by Sport England. Future financial provision has been made for Sport England's Lottery distribution activities through section 23 of the National Lottery etc. Act 1993.

1.3 National Lottery Distribution Fund

Funds with the NLDF are held through a combination of investments in government gilts and call notice deposits. The NLDF funds are classified by the NLDF as available for sale assets and are valued at market value. Gains or losses associated

with the gilts held are accordingly accounted for in the NLDF accounts.

Sport England's share of proceeds is recognised on a receivable basis.

1.4 Grant recoveries

The recovery of grants is recognised as income on an accruals basis.

The conditions associated with grants permit the recovery and repayment of grants from the grant recipient. A recovery of an element or the entire grant paid can arise when the recipient of the grant fails to comply with the terms and conditions of the grant, or actual expenditure incurred by the recipient falls below the value of the grant that has been paid.

1.5 Grants

Grant awards are accounted for as expenditure in the Statement of comprehensive net expenditure and, until paid, as liabilities in the Statement of financial position, if they meet the definition of liabilities in IAS 37 as a legal or constructive obligation.

Grant awards which do not meet the definition of liabilities are not included in expenditure in the Statement of comprehensive net expenditure but are disclosed as contingent liabilities in note 11. These are amounts which the Board, or the relevant delegated authority, have agreed to consider at a future date subject to the required conditions being met.

1.6 Non-cash grants

Non-cash grants are services procured by Sport England from third parties for the benefit of other organisations (i.e. the service provider is only the deliverer and not the end recipient of the grants) and where:

- Sport England is not the beneficiary of the goods and/or services
- The substance of the procurement is directly in line with Sport England's strategic outcomes

- The goods and/or services do not fall within any of Sport England's statutory planning or administration functions.

Non-cash grants are recognised in the Statement of comprehensive net expenditure when the services contracted for are provided to the beneficiary of the non-cash grant.

1.7 Other expenditure

Staff costs are recognised as an expense at the time that the organisation is obligated to pay them and include the cost of any recorded untaken leave at the end of the financial year.

Costs relating to Sports development and Operating costs are expensed in the year in which they are incurred.

All Lottery expenditure on Staff, Sports development and Operating costs is initially funded by Exchequer. Sport England is required to apportion expenditure between its Exchequer and Lottery activities. Amounts used by Exchequer to initially fund Lottery activities are reimbursed throughout the year by Lottery and any outstanding balance at the year-end is reflected as a payable balance in the Lottery accounts with a corresponding receivable balance in the Exchequer accounts. The apportionment of expenditure is calculated using metrics derived from the organisation's annual business planning process, unless the costs are considered to be entirely Exchequer or Lottery related. The resulting cost allocations are subject to annual review by the Executive Team. These calculations are also subject to audit.

The current methodology calculates charges on a full cost recovery basis in accordance with HM Treasury's Managing Public Money.

1.8 Trade receivables

Trade receivables are recognised at fair value, less a provision for any specific impairment.

A provision for the impairment of trade receivables is established when there is objective evidence that Sport England will not be able to collect all amounts due in accordance with the original terms of the receivables.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with commercial banks.

1.10 Trade and other payables

Trade and other payables are recognised at fair value.

1.11 Taxation

The Sport England NLDF is registered for VAT as part of Sport England's VAT registration, however does not undertake any business activities for VAT purposes. VAT is not recoverable on any of its operational expenditure.

Corporation tax is payable on bank interest received net of bank charges.

Investment income generated on balances held and invested by the NLDF on Sport England's behalf is not taxable.

1.12 Pensions

Defined contribution scheme

Payments are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit scheme

A defined benefit scheme is a post-employment benefit plan. Sport England's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

The pension liabilities and assets of the defined benefit scheme are recorded in accordance with IAS 19 (2011) which measures the value of pension assets and

liabilities at the Statement of financial position date, determines the benefits accrued in the year, and the interest on the scheme's assets and liabilities. This valuation is undertaken by an independent actuary.

The value of the benefits accrued during the year (current service costs), past service costs, and gains and losses on curtailments and settlements are recognised in the Statement of comprehensive net expenditure within staff costs.

The net interest expense on the net defined liability is shown in the Statement of comprehensive net expenditure.

The scheme's administration expenses are shown in the Statement of comprehensive net expenditure within operating costs. Re-measurement of the net defined benefit liability which comprises actuarial gains and losses and returns on plan assets (in excess of interest), is recognised immediately in the Statement of financial position and in Other comprehensive income.

The resulting pension liability or asset is shown in the Statement of financial position, and is apportioned between Exchequer and Lottery activities based on the combination of the historic rate of 40% Exchequer and 60% Lottery and the current year corporate average cost allocation as determined by the methodology in note 1.7.

1.13 Use of estimates and judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenditure. Actual results may differ from the estimates used.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the

period in which the estimates are revised and in any future periods affected.

Estimates are made in relation to the pension scheme defined benefit plan assets

and liabilities which determine the scheme's deficit position, and for the profiling of the future periods when grants payable fall due for payment.

2 National Lottery Distribution Fund

	2016 £'000	2015 £'000
Balance at 1 April	157,705	177,056
Share of proceeds	238,492	242,023
Investment returns	973	979
Funds drawn down	(273,801)	(262,353)
National Lottery share of proceeds	123,369	157,705

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 Sport England is as shown in the accounts and, at the Statement of financial position date, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by Sport England in respect of current and future commitments.

Funds are drawn down from the NLDF in order for Sport England to meet payments due to award recipients and suppliers.

Capital sums are distributed in accordance with the provisions of the National Lottery etc. Act 1993 (as amended). Investment returns are apportioned on the basis of the percentage share of the NLDF at the time the interest is received.

3 Other income

	2016 £'000	2015 £'000
External funding income	213	48
Active people survey recharges	618	596
Primary facilities contribution	-	(187)
Bloomsbury Street recharges	-	64
Other recharges	393	165
Total	1,224	686

4 Grants made

	2016 £'000	2015 £'000
Grants made in the year	120,190	218,652
Grant de-commitments	(3,356)	(4,012)
Net grants made	116,834	214,640
Participation	69,991	128,074
Facilities	33,335	56,028
Talent	4,216	2,784
School games	9,375	28,195
Other programmes	(83)	(441)
Total	116,834	214,640

The reduction in award commitments compared to prior year is a reflection of the current 2012-17 strategy nearing its conclusion. Higher levels of grant commitments are incurred at the start of the strategic cycle, however actual delivery continues throughout.

The headings for 2015 have been changed to better reflect the current reporting and business descriptions applied. There is no change to the aggregate total of grants and the resource and capital split.

5 Non-cash grants

	2016 £'000	2015 £'000
Women's marketing campaign "This Girl Can"	1,767	3,080
Club Matters (formerly Club Leaders)	2,271	1,843
Total	4,038	4,923

6 Sports development costs

	2016 £'000	2015 £'000
Grant programme support costs		
NGB whole sport plans	63	54
Participation	762	591
Facilities	424	802
School sport and school games	379	275
Project management	595	502
Total	2,223	2,224
Other sports development costs		
Legal	458	326
Measurement surveys ¹	3,055	2,551
Research	408	337
Facilities expertise and support	391	414
Planning data and guidance	865	839
Communications	194	192
Equality standards	1	1
Local government support	121	85
Other costs	(33)	(88)
Irrecoverable VAT	1,542	1,450
Total	7,002	6,107
Total	9,225	8,331

Sports development costs include expenditure which aims to promote the development of sport, thereby creating increased sporting opportunities for the local community.

¹This is a combination of the Active People Survey and the Active Lives Survey, these provide Sport England's primary performance indicators. The Active Lives Survey is replacing the Active People Survey in 2016-17 and ran parallel with the Active People Survey for the final six months of 2015-16. The Active Lives Survey takes advantage of the changing patterns of telephone and technology use, and adapts a postal to web approach to gather relevant data.

² These costs are in relation to the women's marketing campaign "This Girl Can" funded by a Lottery grant from the Sport England Lottery Fund (note 2).

7 Operating costs

	2016 £'000	2015 £'000
Auditor's remuneration ¹	53	52
Board expenses	8	11
Communications	138	175
Grant outsourcing costs	227	353
Internal audit and governance	115	135
Irrecoverable VAT	583	807
IT infrastructure and systems costs	765	944
Legal	115	133
Other costs	178	(156)
Other staff costs	105	115
Property operating leases ²	985	1,427
Bloomsbury Street fit-out costs	32	71
Staff training	228	264
Travel and subsistence	562	559
Asset hire	270	330
Defined benefit scheme administration charge	82	78
Total	4,446	5,298

¹ No other payment was made to the auditors for non-audit work. The audit fees for the year were £52,500 (2015: £52,500).

² 2015 included £0.2 million of dilapidations at two leased properties, which was recharged from the Exchequer accounts.

8 Capital commitments

There are no capital commitments as at 31 March 2016 (2015: £nil).

9 Trade and other payables

	2016 £'000	2015 £'000
Sport England Grant-in-Aid	4,452	8,152
Total	4,452	8,152

10 Grants payable

	2016 £'000	2015 £'000
Grants payable at 1 April	381,413	399,964
Grants paid during the year	(242,159)	(233,191)
Grant de-commitments	(3,356)	(4,012)
Grants made in the year	120,190	218,652
Grants payable at 31 March	256,088	381,413
Amounts due during 2016 Financial Year	-	238,793
Amounts due during 2017 Financial Year	213,757	126,998
Amounts due during 2018 Financial Year	39,260	15,036
Amounts due during 2019 Financial Year	3,071	586
Amounts due during 2020 Financial Year	-	-
Grants payable at 31 March	256,088	381,413

Grant commitments payable in more than one year amount to £42.3 million (2015: £142.6 million).

The allocation of 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. The assumptions take into account that a number of these awards cover up to four years of revenue funding which is paid over the period of the award.

11 Contingent Liabilities

Contingent liabilities amounting to £23.6 million (2015: £50.3 million) comprise of grant commitments where the conditions of the funding remain under the control of Sport England.

12 Pension liabilities

Sport England has a defined benefit scheme with the London Pension Fund Authority (LPFA) which was closed to new members on 30 September 2005. Sport England also operates a Group Personal Pension Plan (GPPP) defined contribution scheme with Aviva which is available to employees who commenced service from 1 October 2005 onwards.

Defined benefit LPFA plan

Sport England is one of a large number of employers whose staff participates in the scheme, however the information given in this note relates only to Sport England Lottery. The pension liabilities are now managed within one scheme following the merger of the 440 scheme (closed after the

restructure of the Sports Council 1997) and 460 current scheme on 1 April 2015.

The new combined scheme is funded by employee and employer contributions at actuarially determined rates based on current members.

Additional employer contributions are paid into the scheme to reduce the deficit as advised by the scheme's actuaries based on triennial valuations, the most recent triennial valuation being 31 March 2013.

Sport England will make additional voluntary contributions to the scheme where the funding is available to do so.

12 Pension liabilities (continued)

Under Sport England's management agreement with its sponsoring department DCMS all assets and liabilities on the defined benefit scheme will be passed to a successor body if Sport England were to be wound up. If there was no successor body then the assets and liabilities would revert to DCMS.

The tables below show employee contribution rates and employer contributions for 2015 and 2016 and those that are expected to be made in 2017 for the Lottery portion of the scheme:

Employee contribution rates			
2016 salary range	Contribution rate	2015 salary range	Contribution rate
Less than £13,600	5.5%	Less than £13,500	5.5%
£13,601- £21,200	5.8%	£13,501- £21,000	5.8%
£21,201- £34,400	6.5%	£21,001- £34,000	6.5%
£34,401- £43,500	6.8%	£34,001- £43,000	6.8%
£43,501- £60,700	8.5%	£43,001- £60,000	8.5%
£60,701- £86,000	9.9%	£60,001- £85,000	9.9%
£86,001- £101,200	10.5%	£85,001- £100,000	10.5%
£101,201- £151,800	11.4%	£100,001- £150,000	11.4%
Over £151,801	12.5%	Over £150,000	12.5%

Employer contributions to schemes			
	2017	2016	2015
All figures in £'000s			
% Employer contributions	12%	12%	12%
Employer contributions	200	200	207
Required additional contributions	798	798	773
Voluntary additional contributions	-	148	485
Total	998	1,146	1,465

International Accounting Standard IAS 19 (2011) Employees Benefits requires the disclosure of additional information, in respect of the Sport England's superannuation scheme. The information has been provided by the LPFA's consulting actuaries.

The actuaries have not made separate valuations for the Sport England Exchequer and Lottery liabilities.

The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies (note 1.12). The information on the next page regarding employer membership statistics, financial assumptions, and life expectancy assumptions relate to the scheme as a whole.

12 Pension liabilities (continued)

Employer membership statistics			
	Number	Salaries/ Pensions £'000	Average age
Actives ¹	68	3,143	46
Deferred pensioners ¹	568	2,139	47
Pensioners ¹	354	2,760	68
Unfunded pensioners ²	133	429	73

¹ Represents membership data as at 31 March 2013 for members receiving funded benefits.

² Represents membership data as at 31 March 2016 for members receiving unfunded benefits.

Financial assumptions (expressed as weighted average)			
	2016 % per annum	2015 % per annum	2014 % per annum
Price increases – RPI	3.2%	3.2%	3.6%
Price increases – CPI	2.3%	2.4%	2.8%
Salary increase	4.1%	4.2%	4.6%
Pension increase	2.3%	2.4%	2.8%
Discount rate	3.7%	3.3%	4.4%

Life expectancy assumptions from age 65			
		2016 Years	2015 Years
Retiring today	Male	22.7	22.7
	Female	25.4	25.3
Retiring in 20 years	Male	25.1	25.0
	Female	27.7	27.6

The following information relates to the **Lottery portion** of the scheme only:

Statement of financial position disclosure			
	2016 £'000	2015 £'000	2014 £'000
Present value of funded liabilities	(73,266)	(78,940)	(68,084)
Fair value of employer assets	51,023	52,436	49,860
Present value of unfunded liabilities	(4,529)	(4,894)	(4,588)
Net liability in the Statement of financial position	(26,772)	(31,398)	(22,812)
Liabilities	(77,795)	(83,834)	(72,672)
Assets	51,023	52,436	49,860
Net liability in the Statement of financial position	(26,772)	(31,398)	(22,812)

12 Pension liabilities (continued)

The major categories of plan assets as a percentage of total plan assets				
	2016		2015	
	£'000	%	£'000	%
Equities	23,702	46	22,748	43
LDI/Cash flow matching	5,172	10	3,936	8
Target return portfolio	10,853	21	15,159	29
Infrastructure	2,795	5	2,598	5
Commodities	228	1	488	1
Property	1,821	4	1,486	3
Cash	6,452	13	6,021	11
Total	51,023	100	52,436	100

Amounts recognised in the Statement of comprehensive net expenditure		
	2016 £'000	2015 £'000
Service cost	545	421
Net interest on the net defined benefit liability	1,050	1,015
Administration expenses	82	78
Total	1,677	1,514

Re-measurements in Other comprehensive income		
	2016 £'000	2015 £'000
Return on plan assets in excess of interest	(2,112)	1,153
Change in financial assumptions	7,265	(9,691)
Experience gain on defined benefit obligation	4	1
Total	5,157	(8,537)

Changes in the present value of the defined benefit obligation		
	2016 £'000	2015 £'000
Opening defined benefit obligation	83,834	72,672
Service cost	545	421
Interest cost	2,734	3,152
Change in financial assumptions	(7,265)	9,691
Experience gain on defined benefit obligation	(4)	(1)
Contributions by members	141	150
Estimated unfunded benefits paid	(254)	(253)
Estimated benefits paid	(1,936)	(1,998)
Closing defined benefit obligation	77,795	83,834

12 Pension liabilities (continued)

Changes in the fair value of the plan assets:		
	2016 £'000	2015 £'000
Opening fair value of employer assets	52,436	49,860
Interest on assets	1,684	2,137
Return on assets less interest	(2,112)	1,153
Administration expenses	(82)	(78)
Contributions by members	141	150
Contributions by employer	1,146	1,465
Estimated benefits paid	(2,190)	(2,251)
Closing fair value of employer assets	51,023	52,436

Sensitivity Analysis			
	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	76,421	77,795	79,195
Projected service cost	415	426	436
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	77,786	77,795	77,715
Projected service cost	426	426	426
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	79,133	77,795	76,481
Projected service cost	436	426	415
Adjustment to life expectancy assumption	+ 1 year	None	- 1 year
Present value of total obligation	80,180	77,795	75,483
Projected service cost	436	426	415

Defined contribution Aviva GPPP

Employer contributions for staff members of this scheme for the year ended 31 March 2016 were £0.5 million (2015: £0.5million). Auto enrolment was implemented from April 2014. There were no amounts outstanding or pre-paid at 31 March 2016 (2015: £nil).

Contribution rates ¹	
Employee	Employer
1%	2%
3%	3%
4%	5%
5%	8%
6.5%	11%

¹Contribution rates apply to all salary levels

13 Related party transactions

Sport England is a non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party and during the year Sport England had material transactions with DCMS.

Sport England has two subsidiaries that are also regarded as related parties. There were material transactions with The Sports Council Trust Company during the year as well as with English Sports Development Trust Limited (formerly Caversham Lakes Trust Limited).

Sport England has a conflict of interest policy and Board Members, Executive Directors and staff maintain publicly available registers of interests and declare any direct interests in grant applications made to Sport England and any direct commercial relationships.

If any member has an interest in a grant application, they exclude themselves from the relevant grant appraisal, discussions and decision making processes.

The following table details where Board Members, Executive Directors and key managerial staff declared a current or past interest relating to Sport England's Lottery funding. The related party transactions are in relation to:

- Awards made during the year ended 31 March 2016
- Awards unpaid at 31 March 2016
- Supplier transactions during the year ended 31 March 2016. There were no unpaid amounts on these transactions at 31 March 2016

Relationship	Awards made in 2015-16 £	Awards unpaid at 31 March 2016 £	Supplier transactions in 2015-16 £
The Sports Council Trust Company			
Sport England (award de-commitment)	(1,340)	-	-
English Sports Development Trust Limited			
Payable by Sport England	-	2,187	-
Nick Bitel			
Imm. Family: Member, Lawn Tennis Association	-	3,544,550	-
Member, Lawn Tennis Association	-	3,275,737	554
Consultant to advisors of Rugby Football Union	100,000	3,606,570	-
Consultant to advisors of England and Wales Cricket Board	-	-	71,564
Board Member, UK Sport	271,867	494,726	1,848
Board Member, London Legacy Development Corporation			
Ian Drake			
Director and Member, British Cycling	594,455	5,350,769	-
Member, Royal Yachting Association	-	1,166,342	213
Clare Connor OBE			
Employment, England and Wales Cricket Board	100,000	3,606,570	-
Kate Bosomworth			
Consultant to advisors of Badminton England	4,540	2,084,668	403
Trustee, Disability (2012) Ltd	-	185,079	-
Peter Rowley			
Director, British Weightlifting	-	63,065	-
Member, England Athletics	95,000	3,793,069	-
Member, UK Sport Audit Committee	-	-	71,564

13 Related party transactions (continued)

Relationship	Awards made in 2015-16 £	Awards unpaid at 31 March 2016 £	Supplier transactions in 2015-16 £
Hanif Malik OBE			
Employment, Hamara HLC	-	162,757	-
Charles Reed			
Board Member, English Federation of Disability Sport	32,328	359,413	-
Board Member, Active Gloucestershire	434,912	449,696	-
Sally Gunnell OBE DL			
Partner: Employment, UK Athletics	-	3,793,069	-
Debbie Jevans CBE			
Partner: Member, National Trust	2,530,161	2,738,034	161
Jennie Price			
Partner: Consultant, The Leisure Database Company	-	-	234,468
Partner: Board Member, British Fencing	-	672,940	-
Partner: Board Member, Institute of Groundsmanship	-	-	605
Rona Chester			
Member, Lawn Tennis Association	-	3,544,550	-
Partner : Member, Lawn Tennis Association	-	2,923,482	-
Member, English Golf Union	-	2,923,482	-
Partner: Member, English Golf Union	-	2,923,482	-
Member, National Trust	2,530,161	2,738,034	161
Partner: Member, National Trust	-	-	-
Lisa O'Keefe			
Member, British Cycling	594,455	5,350,769	-
Member, British Mountaineering Council	75,240	576,492	-
Alison Selfe			
Partner: Employment, London Borough of Havering	-	2,074,000	-
Imm. Family, British Cycling	594,455	5,350,769	-
David Goldstone CBE			
Employment, London Legacy Development Corporation	271,867	494,726	1,848
Imm. Family, Durham University	-	84,065	-
John Flook			
Board Member, British Orienteering Federation	-	401,048	-
Member, National Trust	2,530,161	2,738,034	161
Eilish Jamieson			
Member, National Trust	2,530,161	2,738,034	161
Partner: Member, National Trust	-	-	-

The above table includes Directors (non-executive and executive), members of the audit committee, members of the project committee, the executive team of Sport England and principal decision makers.

In a number of cases there may be relationships not disclosed in the above table as a result of no awards being made to the third party, or supplier transactions with the third party, during the year.

14 Derivatives and other financial instruments

The Sport England NLDF relies on its share of proceeds from the National Lottery, with some partnership funding to finance its operations. Items such as trade receivables and trade payables arise from its operations. Sport England does not enter into derivative transactions.

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

The Sport England NLDF does not borrow money and therefore has no exposure to interest rate or liquidity risk in this regard.

Cash balances are held in a commercial bank account and attract market rates of interest.

Liquidity risks

The bulk of the financial assets of The Sport England NLDF are held by the NLDF. During 2014-15 the NLDF invested in government gilts and call notice deposits.

The Board recognises that their grant commitments and other payables exceed the value of funds in the NLDF. However, the Board considers that Sport England is not exposed to significant liquidity risks as they are satisfied that Sport England will have sufficient liquid resource to cover all likely grant payments and other liabilities in the coming year.

If there was a long-term decline in Lottery income the Board would adjust its annual grants budgets to compensate for the decline.

15 Events after the reporting period

The accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

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