



**The English Sports Council Grant in Aid and
National Lottery Distribution Fund**

**Annual Report and Accounts
2009-2010**



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Chair's foreword

The sports sector accounts for more than 2.3% of total consumer spending, worth £17.74 billion. It employs 1.8% of England's total workforce, or 441,000 people.¹

The health benefits associated with sport and physical activity are well documented, and it is no surprise that sport is increasingly viewed as a form of preventative medicine by many in primary care.

We also see local engagement stimulated through sports participation, enabling the development of more cohesive, tolerant and inclusive communities, which works well with the Government's call for more collective and individual empowerment at the local level.

In short, sport is a real positive – that's why we need it to be more than a minority interest in this country.

Unfortunately, the big numbers you see in terms of economic and social contributions are not yet replicated in regular grassroots sports participation, something we know we must change.

The current number of adults playing regular sport in England is seven million, which represents 16.6% of the country. We have increased that by over 700,000 since we won the Olympic bid, and it is good that more people are playing more sport, but are clear that there is much more to do.

We have made steady progress during my first 12 months as chair of Sport England. Our new funding strategy has invested in a wide range of projects, we have built stronger relationships with national governing bodies, and we have brought people from sporting and non-sporting organisations together nationally and locally.

Going forward, I want to provide stability for this organisation in what we recognise are challenging times, politically and economically. Our work is important – not just for its own sake, but for the broader benefits it can deliver to the country, communities and individuals alike.

We are committed to delivering not just more people playing sport three times a week for thirty minutes, but building a world-leading community sport environment which retains its participants and helps those with talent to flourish.

The beneficiaries of such an environment won't just include those already immersed in sport, but also those who are yet to discover its power. All of our work – the expertise we provide, advice we give, funds we invest and relationships we build – is focused on delivering this legacy.

Such ambitious targets and large levels of investment must be accompanied by effective governance and accountability. The structures in all sports organisations

¹ Economic Importance of Sport in England 1985-2008, Sport Industry Research Centre

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must provide high levels of confidence and assurance in their ability to handle public money and deliver value.

I expect Sport England to also display those standards. This is why, last year, I asked Timothy Dutton QC to investigate the World Class Payments Bureau which operated outside our usual financial controls between September 1999 and March 2007.

While I was disappointed this inquiry had to take place, I was pleased to note its conclusions that there was no fraud or corruption within this organisation and the recognition that there had been a clear improvement in management and financial controls since April 2007. We are now acting on Dutton's recommendations.

In closing, I would like to thank my fellow Board Members for their advice, expertise and commitment throughout the year. Thanks in particular go to Sir Andrew Foster, Ashia Hansen MBE, Philip Lemanski and Dr Jack Rowell OBE who stood down this year after completing their fixed-term service.

We now have just two years to go until the world comes to our country to play sport. Let's work hard to make sure that more of us than ever before are taking part, at every level, long after the last elite athlete has gone home.



Richard Lewis
Chair
Sport England

Chief Executive's introduction

This has been an important year for Sport England – and for all of our partners in community sport. The first full year of not just a new round of investment in governing bodies of sport, but a whole new approach to that investment, has laid the foundations for ensuring that sport touches the lives of many more people.

Each of the 46 NGBS with whom we work now has clear, measurable targets, with money clearly linked to the outcomes of growing and sustaining regular participation, as well as nurturing talent. They have responded very positively to this. In many sports we have seen a sea change in how they approach their community programmes: in terms of resourcing, creativity and increasing focus. We are also building more collaborative and stable relationships between our own teams and those in governing bodies.

We are learning a lot about mass participation – and already seeing real growth in sports like cycling and athletics. We know more about why people choose the sports they play, what they enjoy and – crucially – what they do not enjoy and why they stop. We are beginning to understand the market dynamics of participation, and how to stimulate demand as well as improving supply.

During the year the National Audit Office conducted a review of our approach to increasing participation, and I was pleased that they found both the strategy and the associated funding process for individual sports were 'positive developments that offer the prospect of improved value for money' and that they were a 'marked improvement on what went before'.

We need to build on that, and to work even harder to ensure we hit our target of getting a million people playing more sport by 2012/13. And, crucial though they are, we will not achieve that by working with governing bodies alone.

During the year our Communities team has worked hard to build and – sometimes rebuild – relationships with local authorities, who are working in an increasingly difficult funding environment. Offering help and support to them is a key priority for Sport England in the coming year.

We also had a strong and creative response to our themed rounds of lottery funding, and have identified some interesting projects to improve the sporting offer in rural communities, and for women with childcare responsibilities and those living in deprived areas.

From an internal perspective, I am pleased that we have now finished the major restructure to deliver our new strategy, and that we have recruited a Chief Operating Officer, Rona Chester, who has a strong track record in both the public and private sectors. We have also continued to deliver savings in our overheads, and are on track to exceed the cash overhead saving of £20m to which I committed two years ago.

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None of this could have been achieved without the support of our many partners and stakeholders. I am also grateful to my colleagues at Sport England, who have worked with great application and enthusiasm throughout the year. We look forward with a sense of optimism, and a determination to build on the progress we have made so far.

A handwritten signature in black ink that reads "Jennie Price." The signature is written in a cursive style with a long horizontal line above the first few letters.

Jennie Price
CEO
Sport England

Sport England at a glance

Our mission

Sport England will create a world-leading community sport environment, as part of the legacy of the 2012 Olympic and Paralympic Games.

We are building a sporting infrastructure of clubs, coaches, programmes, organisations and facilities that not only encourages new participants but also generates excellent sporting experiences that retain those already involved. If we succeed we will deliver something that no Olympic host nation has ever been able to do before – a lasting increase in grassroots participation.

The establishment of a lifelong sporting culture in this country will change sport from a minority to a majority pastime. We believe this will have a broad impact. Health, crime, social justice and enterprise and community agendas, to name but a few, will benefit at national and local levels.

Our legislative framework

The English Sports Council, operating as Sport England, was set up on 19 September 1996 by Royal Charter and became fully operational on 1 January 1997.

Sport England is responsible for managing and distributing public investment and is a statutory distributor of funds raised by the National Lottery under the provisions of the National Lottery etc. Act 1993 (as amended).

Our targets

Our work is focused on growing and sustaining participation in grassroots sport while creating strong talent development pathways that help individuals fulfil their potential. We have agreed five key targets for delivery between 2008/09 and 2012/13 with the Department for Culture, Media and Sport (DCMS), to ensure we achieve these outcomes.

Grow

- One million adults doing more sport
- More children and young people taking part in sport for five hours a week

Sustain

- More people satisfied with their sporting experience
- 25% fewer 16-18 year olds dropping out of at least five key sports

Excel

- Improved talent development in 25 key sports.

Contributing to the Government's goals

Our work contributes towards broader government objectives which form the basis for our core Exchequer funding. These are:

- **CSR07 – PSA 21** – increase the percentage of adults participating in culture or sport as part of a larger objective to build more cohesive, empowered and active communities.
- **CSR07 PSA 22** – deliver a successful Olympic and Paralympic Games in 2012 with a sustainable legacy and get more children and young people taking part in high-quality physical education and sport.
- **DS01** – increase the percentage of adults participating in culture or sport.
- **Legacy Action Plan** – with a goal of seeing two million people more active by 2010, half of them through sport.

Sport also contributes to a number of local government targets:

- **NI8** – adult participation in sport and active recreation
- **NI6** – participation in regular volunteering
- **N157** – children and young people's participation high quality PE and sport
- **NI110** – young people's participation in positive activities.

Our partners

In order to achieve our ambitious targets, we work closely with a range of organisations including:

- Our sporting landscape partners – Youth Sport Trust and UK Sport
- National governing bodies
- National partners
- County sports partnerships
- Local authorities
- Higher and further education
- The voluntary and not-for-profit sectors
- The commercial sector
- London Organising Committee of the Olympic Games, the Olympic Delivery Authority and the Olympic Park Legacy Company.

What we do

Everything we do is focused on creating a world-leading community sport environment, in which more people participate in community sport, enjoy a good sporting experience and have opportunities to fulfil their potential.

Our statutory roles

Consultee on the development of playing fields

To ensure that, wherever possible, open space is protected for local communities. We always object to the removal or reduction of playing fields, except when the benefits to local sport are protected and enhanced as a result.

Duty to co-operate

A legal obligation to work with local authorities, helping them to achieve targets laid out in their local area agreements.

Making strategic investments

We invest both Lottery and Exchequer funding in organisations and projects that will help us achieve our outcomes. In 2009/10 we received £126.9m of Lottery funding and £134.4m of Exchequer or grant-in-aid funding.

We invest in a wide range of bodies – including national governing bodies (NGBs), county sports partnerships (CSPs), local authorities, further and higher education and local clubs, coaches and volunteers. And we also provide post-award support for every investment we make, including helping projects find additional funding via a number of commercial partners and third parties.

This, combined with a stringent monitoring and evaluation process, ensures that the public receives a strong return on its investment.

Sharing advice and expertise

Sitting at the heart of community sport, we have a unique ability to look across all aspects of the sporting landscape, understand the issues and opportunities which exist, and use our expertise to help and guide those who can make a difference to grassroots participation.

We can provide specialist knowledge, tools and insight to support informed decision making and creative thinking in community sport.

Areas of expertise include:

- Sports development
- Market data and analysis of the drivers of participation
- Facilities planning service and design guidance
- Regional intelligence and support
- Increasing and sustaining participation
- Talent development.

Contributing to the 5 Hour Offer

We lead on the club and community elements of the Government's PE and Sport Strategy for Young People (PESSYP).

This strategy strives to give more children the chance to take part in five hours of high quality physical education and sport every week. It is delivered in partnership by Sport England and the Youth Sport Trust and supported by the Department for Culture, Media and Sport (DCMS) and the Department for Education (formerly the Department for Children, Schools and Families).

Youth Sport Trust's remit is to support the provision of three hours of sport for young people, two within the curriculum and further hour of school sport. Sport England's role is to develop opportunities for children and young people play sport outside the curriculum. Involving them in community sport from an early age means they are more likely to keep participating long after they have completed their education, where it's compulsory, as it becomes a normal and natural part of their life.

We also need to ensure sport is relevant to all young people – whether they are already engaged with sport, interested but not yet fully active, or don't currently think sport is for them.

We do this by building strong links between community clubs and local schools; running a range of programmes which inspire children, such as Sport Unlimited; opening up new sports volunteering opportunities for young people; and working closely with governing bodies and CSPs to increase the number of opportunities they create for children.

How we deliver

Sport England has five delivery directorates: NGB and Sport, Children and Young People, Communities, Commercial, and Facilities and Planning.

National Governing Bodies and Sport

The primary role of the National Governing Body and Sport directorate is to manage our relationships with national governing bodies and oversee our £480m investment into these organisations.

Continuous support is provided to each governing body in order to understand and monitor their needs in the delivery of their agreed targets. This intelligence is then used to build the organisation's applied knowledge and understanding through a number of new and established centres of expertise.

These cover the following areas:

- Growth
- Retention
- Excel
- Innovation
- Equality and diversity
- Volunteering
- Coaching and officiating

Children and Young People

As well as leading on the delivery of club and community activities within PESSYP, our Children and Young People directorate works with higher and further education to get 300,000 students doing more sport by 2012/13. We have formed a close partnership with British Universities and College Sport (BUCS) and the wider sector to develop shared goals that benefit us all. In March 2010 we launched Active Universities, a themed funding programme that targets investment at this sector.

This directorate also leads our work on safeguarding and protecting children. We jointly fund the Child Protection in Sport Unit with the NSPCC and work with NGBs and CSPs to help them attain appropriate Safeguards for Protecting Children in Sport standards.

Communities

The Communities directorate works at a local level to shape, develop and protect the delivery of community sport. It uses local knowledge and relationships to link key

partners and opportunities to governing bodies in order to support and accelerate delivery of their plans.

The directorate also works nationally and locally to influence the local government environment, supporting local authority officers and members in making the case for sport, and providing tools and intelligence to support councils' strategic decision making around their sporting investment.

Commercial

The Commercial directorate focuses on working with sports that have unrealised commercial value, particularly responding to the appetite for community-based multi-sport. Its target is to raise £50m (cash and in-kind) for community sport by end of 2012/13.

Facilities and Planning

The Facilities and Planning team provides advice, best practice guidance and knowledge in property, strategic and statutory planning for use both internally and across the sporting landscape.

We play a role as statutory consultee on planning applications affecting playing fields; provide strategic planning advice to ensure new sports facilities are developed in response to a robust needs and evidence base; and provide a series of detailed design guidance notes to raise facility standards across the sector.

Our expertise in capital projects is used to help governing bodies effectively use the £20m facility investment they have received from us as part of their four-year plans.

We also manage four national sports centres, including Bisham Abbey and EIS Sheffield, which provide training and rehabilitation facilities for governing bodies, elite performers and the community.

As part of our work to build a legacy of increased participation, our facilities team works **with the organisations responsible for the London 2012 Olympic and Paralympic Games to ensure that the purpose-built venues will serve sport and the local community long after the Games themselves.**

We have invested directly into three Olympic and Paralympic facilities:

- **£39m into the Aquatics Centre**
- **£10.5m into the VeloPark**
- **£900,000 into the white-water canoe course in Broxbourne**

We have also influenced the design of facilities such as the Handball Arena and Eton Manor from an early stage to ensure that they are suitable for community use afterwards, and that they will be able to generate enough revenue to be sustainable in the long-term.

How we invest

Our investment, a mixture of Lottery and Exchequer funding, is focused on organisations that will help us achieve our strategic outcomes.

There are three strands to our strategy:

- Increased investment into 46 NGBs
- Funding key partners to deliver specific objectives alongside our centres of excellence
- Funding programmes open to a wide range of organisations, including sports clubs, voluntary and community organisations, local authorities, schools, colleges and universities.

Investing in national governing bodies

We are investing £480m over four years into 46 sports, including every 2012 Olympic and Paralympic sport, to deliver grassroots sporting opportunities and a lasting participation legacy from the games.

Investments have been made on the basis of each governing body's ability to increase the number of people playing and enjoying their sport, and to create development pathways for those with talent. Value for money is also an important consideration, in addition to evidence of their ability to work beyond their traditional structures and affiliated clubs and leagues.

Each sport has committed to delivering a set of outcomes against which it is monitored and evaluated on a six monthly basis. We will use this intelligence to inform future funding decisions and performance ratings.

Working with national partners

We invest up to £10m a year in national partners whose specialist skills, knowledge and services can help governing bodies tackle a range of specific issues such as equality and diversity, coaching, volunteering and female participation.

Our funded partners include:

- English Federation of Disability Sport
- StreetGames
- Sports Aid
- Women's Sport and Fitness Foundation
- Sporting Equals
- Child Protection in Sport Unit
- Volunteering England

- SportsCoach UK
- SkillsActive

In 2009/10 we invested £15m of Exchequer funding into grassroots football and multi-sports facilities through the Football Foundation, the sporting charity funded equally by Sport England, the Premier League and the FA.

We also financially support the Central Council for Physical Recreation which represents over 300 sporting governing bodies and representative organisations, including many smaller sports.

Open funding streams

In April 2009 our new funding strategy came into operation, with the launch of four new Lottery funding streams and the continuation of the Exchequer-funded SportsMatch programme.

These programmes are designed to make funding more accessible for smaller organisations, fill gaps in sports provision, and identify new ways of getting people to play more sport.

Small Grants Programme

The Sport England Small Grants Programme distributes grants worth between £300 and £10,000.

In the scheme's first year we:

- Made 978 awards
- Invested £6.01m into 81 separate sports
- Helped a projected 350,000 people play more and better sport

Innovation Fund

The Innovation Fund looks to find and nurture genuine breakthroughs that will transform the way community sport looks and feels.

In the first year of the programme:

- Six projects worth a combined total of £2.78m were selected to develop business cases and progress to Stage 2 for final consideration
- Two awards worth a combined total of £1.45m were subsequently made in May 2010.
- Decisions on three projects are pending, and one has been rejected.

Themed Rounds

Our themed rounds tackle gaps in sporting participation and complement our other funding programmes.

We launched the following themes in 2009/10:

- **Rural Communities** – we made 11 awards worth a combined total of £4.7m into projects that make it easier for people living in rural areas to take part in sport. Final decisions on 19 remaining applications will be made this summer.
- **Active Women** – aimed at helping women in disadvantaged communities and women caring for children under 16. We encouraged 32 applications worth a total of £12.8m to go forward to Stage 2.
- **Active Universities** – launched in March 2010, this programme aims to get 100,000 students doing three or more thirty minute sessions of sport a week. Final awards will be made by March 2011.
- **Inclusive Sport** – launched in March 2010, this is a solicited bid funding programme designed to improve opportunities for those with disabilities to play sport. Awards will be made by mid-July 2010

Sustainable Facilities

The Sustainable Facilities Fund invests up to £10m a year of Lottery and Exchequer money into new and existing sports facilities.

Projects are assessed on their ability to contribute to our outcomes and demonstrate economic sustainability, detailing how they will generate sufficient revenue to maintain high standards of facility provision, customer service and a varied programme of sports opportunities and development.

In the first year of the Sustainable Facilities programme we made six awards totalling £6.6m (£3.6m of Exchequer funding and Lottery awards of £3.5m) into projects worth a combined total investment of £78m.

SportsMatch

The SportsMatch programme uses Exchequer funding to match sponsorship pound for pound up to a maximum value of £100,000.

In 2009/10 we:

- Made 167 awards
- Invested £2.98m in 31 sports
- Matched sponsorship from a variety of investors including private companies, sporting and non-sporting charities, individual and in-kind donations.

Community Investment Fund

The fund closed to new applications in January 2009 with 140 applications still in the pipeline. We awarded £7.5m of funding to 43 projects during this transition year. We plan to wind up the programme by the end of 2010 although a handful of strategically significant projects may sit outside this timeline.

How we performed

As part of our funding agreement with DCMS we report every quarter on the progress we have made against our strategic outcomes and a number of additional activities.

Our outcomes

Growing participation

Our ambition to grow the number of people playing sport sits at the heart of all our work.

Funding applicants must demonstrate how many more people will play sport as a result of their project. The governing bodies we fund have been set agreed participation targets.

We measure the impact of our work through the Active People Survey which measures adult participation.

Results published in January 2010 show that 186,000 more adults were doing 30 minutes of sport, three times a week, than in October 2008, taking the total figure to 7.0m or 16.6% of the population.

This brings us closer to our target of 7.8m adults regularly taking part in sport by the end of 2012/13.

It also means that 700,000 more adults are now playing sport than when London won the 2012 bid.

However, although participation amongst men, 35-54 year olds and the non-white population has increased, it has fallen amongst women, the over 55s and those with disabilities, as shown in table 1. We are addressing this in a number of ways.

Our research programmes continue to build our understanding of the motivations and reservations of both current and lapsed participants so we can identify where best to focus our resources.

Our themed funding rounds, such as Active Women, enable us to target investment on overcoming barriers and maximising opportunities which exist for target groups.

And we are also working with individual governing bodies to increase our combined knowledge of the influences that impact participation levels in their sport, the market in which they operate and the specific challenges they face.

Table 1
Results from Active People Survey: October 2008-January 2010

Demographic group	Result			
	October 2008		January 2010	
	No (000s)	%	No (000s)	%
All adults age 16 and over	6,815	16.4	7,001	16.6
Males	4,027	20.0	4,238	20.6
Females	2,788	13.1	2,764	12.8
35-54 years	2,294	15.9	2,395	16.4
55+ years	1,099	7.8	1,087	7.5
Non-white	615	16.1	714	17.0
Long-term limiting illness/disability	430	6.7	394	6.1
No long-term limiting illness/disability	6,386	18.2	6,607	18.5

Getting more children and young people playing sport

We run, as part of the 5 Hour Offer, a range of programmes specifically aimed at encouraging children and young people to get involved with community sports clubs. Our investment is worth £22m, including £4.1m of ring-fenced NGB funding into 34 sports to deliver an extra half million junior club participants and volunteers by 2012/13.

Our activities include:

Sport Unlimited

Sport Unlimited gives children who are interested in the idea of sport but wouldn't naturally join a club the chance to try 10 week taster sessions in sports they've helped to select.

Over 459,000 young people have taken part in the scheme since its launch and over 363,000 have completed the courses. Just about as many girls as boys have completed the tasters and a third of this group go on to become regular participants.²

School Club Links/Volunteering

Strong links between schools and local sports clubs can make participation outside school more attractive and rewarding for children and young people, making use of networks they are familiar with.

Over the last six years, (2003/04-2008/09), the percentage of 5-19 year olds taking part in club sport has also increased from 19% to 31%, according to the National School Sport Survey.

We also work with to create more volunteering opportunities for young people. This not only develops a workforce of young volunteers who can engage other young people in sport, but more active roles, such as refereeing, can also contribute to the five hours of sport we want young people to take part in every week.

Over the last six years, the percentage of older children actively volunteering in sport has risen from 9% in 2003/04 to 22% in 2008/09.

Improving the sporting experience

Creating a world-leading community sport environment is not just about bringing new or lapsed participants into sport but also about retaining those already involved.

We have developed a satisfaction survey to help us understand what drives satisfaction within individual sports, and where improvements can be made.

² Research by Sheffield Hallam University

Headline results from the first survey were published in July 2009. They showed that, overall, participants gave a scale of 80 out of 100 in terms of satisfaction with the quality of their sporting experience.

Detailed sport-by-sport findings were then used to set satisfaction targets for each funded governing body, who have also begun integrating the findings into delivery. The results of the second survey, which runs from March to May every year, will be published in the summer of 2010.

Retaining 16-18 year olds in sport

We are working with nine self-selected sports to tackle the drop-off in participation which occurs when young people leave school or college between the ages of 16 and 18.

There is a long-term trend of increased participation amongst this age-group: up from 28.2% in October 2008 to 29.5% by April 2010. However the small sample size means participation levels can appear volatile. In July 2009 it stood at 31.3%, exceeding our 31% target.

Each of the NGBs - badminton, basketball, football, gymnastics, hockey, netball, rugby union, rugby league and tennis - is developing and testing a range of approaches designed to address barriers and increase the motivation of this important age group.

They are working together, and with us, to share research, learning and insight from other sectors which continues to shape their offer to young people.

Improving talent development

We are committed to increasing the quantity and quality of young athletes in the English talent pool in at least 25 sports by 2013.

To do so, we must build increased understanding of talent development across the sporting landscape.

In 2009/10 we clearly mapped England talent pathways across the majority of sports and identified the crucial ingredients – quality coaching, vibrant clubs and meaningful competition.

We also invested in a number of national partners to directly support excel programmes for young talented athletes in England, for example our investment in SportsAid of £288,000 generated a total sum of £1.35m that will be distributed in individual grants to 1,650 talented young sportsmen and women.

And we continued to support Commonwealth Games England with an investment of £785,000, including funding for sport-specific preparation and training camps prior to the 2010 Commonwealth Games in Delhi.

Additional activities

Statutory and strategic planning

In 2009/10 we responded to 98% of statutory planning applications within 21 days, exceeding our target of 90%.

In the previous year (2008/09), the most recent figures available due to the length of time individual planning processes can take to complete, our playing field safeguards delivered the following results:

- 96.4% of planning applications affecting playing fields led to improved or safeguarded sports provision
- £593m was invested in new facilities as a result of planning applications - £72m more than 2006/2007
- In half of the cases where we objected to an application, further negotiations led to an overall improvement in sports provision
- Of the 126 applications where we sustained our objection, 66 were either withdrawn by the applicants or refused planning permission.

County sports partnership performance

We invest £200,000 per annum into each county sports partnership (CSP). This has been agreed in principle till the end of 2011/12 in return for a core offer of contracted services.

These services provide support to governing bodies delivering at a local level, developing local networks that generate more investment and resources for sport, and supporting specific work areas such as club and coach development.

In the first year of the 2009/13 NGB investment cycle, CSPs attracted an investment £61.7m into sport through advocacy and influence.

Nearly all (48 out of 49) have achieved the intermediate standard of Safeguarding Children in Sport, which helps to protect young people, with 33 having gone on to attain the advanced standard.

Commercial partnerships

In 2009/10 we launched two groundbreaking commercial partnerships that will increase participation and generate additional revenue for community sport.

We joined forces with Facebook, which has 20 million UK users, to form the social networking site's first long-term partnership with a government or public body in this country.

The venture enables governing bodies to use Facebook's influence to bring people together around sport, and transform the way they reach out to the public.

Central to the partnership is the Facebook Sport Hub which looks and feels like a Facebook fan page but offers innovative and exclusive new applications, enabling sports bodies to organise and market grassroots sports events. It will also provide tangible measurement of the number of participants using it.

The deal is worth up to £20m with Facebook providing an in-kind investment of £5m a year until March 2013 to develop the Sports Hub. In addition, there is pound-for-pound matched advertising spend on Facebook for those brands and governing bodies encouraging people to play more sport

Our second partnership gives community sport clubs free access to the same award-winning online fundraising tools used by the UK's biggest charities.

JustGiving for Sports Clubs is projected to bring an extra £22m into grassroots sport over the next five years by making it easier for club volunteers to raise money and collect Gift Aid. Only 10% of eligible community sports clubs currently claim Gift Aid, meaning that grassroots clubs are missing out on vital funds they are fully entitled to claim.

The JustGiving site also makes it easier for volunteers and supporters to raise money online

Free Swimming Capital Modernisation Programme

The Free Swimming Capital Modernisation Programme was managed by Sport England on behalf of DCMS and the Department for Education as part of the Government's Free Swimming initiative.

Grant awards totalling £25m were made to 59 projects, 30 public pools and 29 pools on school sites, with combined total project costs of £106m.

Our corporate structure

The Main Board

The Sport England Main Board takes overall responsibility for Sport England and its performance. Its remit includes:

- Setting and agreeing overall strategy and policy
- Overseeing the development and implementation of major projects
- Approving all grant awards which exceed £2m and considering reports from the Project Committee on all other grant awards
- Approving Sport England's Annual Report and Accounts
- Overseeing performance management.

Meetings are chaired by Sport England's Chair, Richard Lewis, and minutes are published on the Sport England website.

Board members are appointed for a fixed-term period of three years by DCMS.

In 2009/10, four Board Members completed their tenure and stood down – Ashia Hansen MBE, Dr Jack Rowell OBE, Sir Andrew Foster and Philip Lemanski. Replacements are currently being recruited via the public appointments process.

Our Board Members for 2009/10 were:

- Richard Lewis (Chair)
- Jill Ainscough
- Karren Brady
- Michael Farrar CBE
- R Michiel Stevenson OBE DL
- James Stewart
- Martin Thomas
- Sir Andrew Foster (until July 2009)
- Ashia Hansen MBE (until December 2009)
- Philip Lemanski (until April 2010)
- Dr Jack Rowell OBE (until December 2009)

There are four sub-committees who report to the Chair and submit reports to the Main Board

Project Committee

The Project Committee is responsible for grant awards up to £2m and making recommendations to the Sport England Main Board on funding applications over £2m.

Its members comprise Sport England's Chief Executive and three non-executive directors, one of whom is nominated chair. In 2009/10 they were:

- R Michiel Stevenson OBE DL
- Martin Thomas
- Paul Millman
- Jennie Price (in whose absence the COO deputises)

Finance Committee

The Finance Committee ensures that the financial systems, policies and processes meet the needs of the organisation and assists the Board's levels of understanding and confidence in the financial information presented, and to ensure that strong support and challenge is provided to the Executive Finance function.

In 2009/10, the committee's members were:

- R Michiel Stevenson OBE DL
- James Stewart
- Philip Lemanski (until April 2010)

Audit, Risk and Governance Committee

The Audit, Risk and Governance Committee is responsible for ensuring Sport England operates from a platform of financial propriety with good corporate governance and robust management controls.

The committee comprises two non-executive Main Board members and two independent external members. In 2009/10 they were:

- Jill Ainscough
- Michael Farrar
- Philip Lemanski (until April 2010)
- Peter Rowley
- Ralph Sharp
- Sir Andrew Foster (until July 2009)

Terms and Remuneration Committee

The Terms and Remuneration Committee is responsible for agreeing the Chief Executive's terms and remuneration and from the time to time providing advice on other senior appointments.

In 2009/10 the committee's members were:

- Richard Lewis
- Jill Ainscough
- Michael Farrar
- James Stewart

The Executive Team

Our Chief Executive, Jennie Price, is Sport England's designated Accounting Officer and is personally responsible for safeguarding and correctly handling the public funds the organisation receives.

The Executive Team is responsible for day-to-day operations. Each executive director is responsible for the performance of his or her directorate as well as, collaboratively, for the organisation as a whole.

In 2009/10 our Executive Team comprised:

- Jennie Price Chief Executive
- Rona Chester Chief Operating Officer (From March 2010)
- Mike Diaper Director Children and Young People
- Thomas Godfrey Commercial Director
- Caroline Weber Director of Communications and Public Affairs
- Judith Dean Director of Communities
- Charles Johnston Property Director
- Phil Smith Director of Sport
- Lisa O'Keefe Director of Sport
- Mihir Warty Director of Strategy and Research
- Philip Mabe Interim Director of Finance and Corporate Services (until August 2009)
- Robert Kendall Interim Director of Finance and Corporate Services (from August 2009 until March 2010)

Financial report

Financial performance

The English Sports Council (operating as Sport England) receives grant-in-aid from the Department for Culture, Media and Sport (DCMS) and is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1933 (as amended by the National Lottery Act 1998).

We prepare two sets of statutory accounts – one for our grant-in-aid funded activities and one for our Lottery-funded activities. These two sets of accounts are prepared on different accounting bases.

English Sports Council Group

Exchequer or grant-in-aid financing

The grant-in-aid or Exchequer funding accounts include accounts for both The English Sports Council and The English Sports Council Group. The Group accounts include the subsidiary companies that own the National Centres and Caversham Lakes.

Awards are recorded as expenditure in the period to which they refer under the accruals concept of accounting. Grant-in-aid is shown as financing rather than income for the period received.

In 2009/10 our total grant-in-aid financing which was drawn down, including Five Hour Offer and Free Swimming money, was £134.4m. This is a slight increase from £130.2m in 2008/09.

We awarded grants of £111.4m (compared to £104.8m in 2008/09). The major awards we made are listed in table 2.

Some programmes, including Community Club Development, Community Sports Coach Scheme and National Sports Foundation, are legacy programmes and were absorbed into national governing body (NGB) funding under our new strategy.

Table 2:
Grants awarded from grant-in-aid funding

Grants	2009/10	2008/09
National Governing Bodies	£46.4m	£0.5m
Football Foundation	£15.0m	£17.5m
Five Hour Offer	£13.4m	£14.1m
Free Swimming	£10.0m	£0.0m
National Partners	£9.1m	£9.1m
SportsMatch	£3.0m	£3.9m
Community Sports Coach Scheme	£1.0m	£10.3m
Community Club development	£0.0m	£23.9m
National Sports Foundation	£0.0m	£15.0m
Other grants	£13.5m	£10.5m
Total	£111.4m	£104.8m

Assets and working capital

As at 31 March 2010 the value of the Group's assets, which are mainly the National Centres and equipment, had decreased to £89.7m (compared to £103.1m on 31 March 2009).

This reduction reflects the impact of the current economic environment on the indices used to value our land and buildings. These indices are provided to us by DCMS. A full independent professional valuation is due next year.

By applying strong financial control over our working capital we were able to reduce our Group cash balances from £12.6m to £3.8m. However in order to meet Managing Public Money's requirement to not draw down in advance of need, we did not draw down £1.4m of capital retentions which will be required to be paid out on the completion of the projects in future years. Providing the level of retentions remains the same year on year we will not need to draw down these funds in the future.

As at 31 March 2010 we had Exchequer tax payers' equity of £68.2m, compared to £91.5m on 31 March 2009. The reduction is due to the revaluation of the property and increase in the deficit on the pension reserve attributable to Exchequer.

In relation to the operations of our National Sports Centres, the net costs have been brought down from £5.6m the previous year to £4.2m due to the transfer of Holme Pierrepont to Nottingham City Council.

National Lottery Distribution Fund (NLDF)

Income and awards

Lottery accounts are prepared on the basis of the expenditure commitments and recognise firm offers of awards to applicants made during the year, regardless of the period or periods to which the awards relate.

The Lottery accounts show Sport England's share of proceeds from the National Lottery as income.

Last year we received £126.9m of proceeds and investment returns from the National Lottery, compared to £128.8m in 2008/09).

During the year we made grant commitments of £258.7m, compared to £99.4m in 2008/09

The key components of the commitments are shown in table 3 and further details of how we invest are included on page 106.

Table 3
Lottery grant commitments

Grants	2009/10	2008/09
NGB Funding	£209.1m	£12.7m
Football Foundation	£25.3m	£0.0m
Community Investment Fund	£15.8m	£58.5m
Small Grants Programme	£6.0m	£0.0m
Themed Rounds	£1.4m	£0.0m
County sports partnerships	£0.6m	£23.0m
Other Grants	£0.5m	£5.2m
Total	£258.7m	£99.4m

The governing body funding reflects the four year commitments made for the 09/13 NGB plans and a 4 year commitment has also been made to the Football Foundation.

The Community Investment Fund closed to new applications in January 2009 and we plan to wind up the programme by the end of 2010.

On 1 April 2009 we also discontinued grants made through Awards for All and launched our own Small Grants Programme, which targets funds at sport in accordance with our strategy more effectively.

Financial assets

The financial assets are the funds within the National Lottery Distribution Fund that are available to Sport England when needed. These reflect the balance of funds that are awaiting distribution for committed grants.

The balance of hard commitments which have not been paid has increased from £121.9m in 2008/9 to £270.2m in 2009/10 to take into account the grant of the four year NGB awards described earlier.

In addition to hard commitments, soft commitments will be required to be paid once accepted. As these grants are paid, the balance on the financial assets will decrease.

In order to maintain control over future funds the Board has put in place a policy that ensures that awards are only offered if we can demonstrate that a minimum balance of £20m is maintained in financial assets.

Lottery funding and additionality

Lottery funding is distinct from government funding and should not replace Exchequer spending. Where appropriate, it can complement government and other programmes, policies and funding.

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

When we assess applications for funding, we ensure additionality is considered. We work closely with leading organisations and experts in the relevant sectors to ensure that our funding programmes add value to government and other funding but do not replace it.

In some circumstances grant officers assessing applications may have to judge whether a project is additional. Clear guidance has been developed to ensure that Lottery funding will not subsidise or replace statutory funding for a service and will not duplicate statutory responsibilities. We work hard to ensure that this is applied consistently and fairly. All awards in 2009/10 have been consistent with this definition.

Total expenditure

Certain expenditures are apportioned between the Exchequer and Lottery accounts in accordance with note 1.4 of each set of accounts. This is based upon a timesheet completion exercise. As the allocation may change between years, adding these expenditures together for Exchequer and Lottery makes it easier to analyse movements.

Operating costs

Table 4 summarises the total position of Exchequer and Lottery operating costs.

Table 4
Total operating costs

	2009/10 Exchequer	2009/10 Lottery	2009/10 Total	2008/09 Total
Staff costs	£8.3m	£8.2m	£16.5m	£20.4m
Operating costs	£5.8m	£6.4m	£12.2m	£13.1m
Sports Development	£5.4m	£3.8m	£9.2m	£9.5m
TOTAL	£19.5m	£18.4m	£37.9m	£43.0m

Staff costs reduced due to the time taken in recruiting into the permanent posts created as part of the new strategy and the effect of the 2008/09 restructure. Our reliance on agency staff reduced as permanent posts were filled.

The decrease in operating costs of £0.9m is due to:

- Property and office costs decreasing by £0.5m
- IT costs decreasing by £0.4m
- Irrecoverable VAT decreasing by £0.6m
- Legal costs increasing by £0.6m. These include the costs of the Dutton Inquiry of £0.4m

Sports development costs include those costs directly attributable to specific awards and have remained relatively constant between years.

Expenditure at the National Centres has decreased by £1.3m. This was due to the transfer of Holme Pierrepont to Nottingham City Council.

Efficient public service

It has always been important for publicly-funded organisations to spend wisely, ensuring value for money and the highest possible return on investment. In a tough economic climate it is more critical than ever to make every penny count.

We were asked to generate £20m of cumulative savings between April 2008 and March 2011 and we are on track to achieve our target.

The total cumulative savings by 31 March 2010 were £12.1m and by the end of March 2011 they are expected to be £20m.

We have reduced our operating costs as a percentage of our Lottery revenue, but increased them slightly as a percentage of our Exchequer funding.

The aggregate cost has come down to 9.56% in 2009/10 from 10.4% in 2008/9, as shown in table 5.

Table 5
Operating costs as percentage of revenue

	2009-2010	2008-2009
Exchequer	9.0%	8.2%
Lottery	10.5%	12.8%
Aggregate	9.7%	10.4%

In May 2008 the National Audit Office measured the costs of the grant-making process for two of Sport England's award programmes - Community Investment Fund and Community Club Development Programme. In 2006/07, the full cost for each £1 of grant awarded under the two programmes was 5p and 2p respectively.³

Effective corporate governance

Effective governance has to underpin everything we do without hindering our ability to deliver.

All of our employees are responsible for ensuring the highest possible standards of compliance are adhered to in their work. We continually review the structures and systems we have in place to support this.

In June 2009 we asked Timothy Dutton QC to conduct an inquiry into the World Class Payments Bureau (WCPB), an agency which was found to have operated outside our normal financial controls and audits between 1999 and March 2007.

The inquiry found that although there was no fraud, corruption or dishonesty within Sport England, the operation of the programme was fundamentally flawed and it is doubtful we obtained value for money for all the investments made.

Dutton noted that there had been a clear improvement in management and financial controls since April 2007 and that the Chief Executive has inculcated into staff a culture change with compliance now high on the agenda.

Nevertheless, Dutton made three recommendations which we are now acting on:

- Improving our document management, in particular archiving and record keeping
- Continuing our policy of employing fewer temporary and interim staff
- Ensuring that, as presently is the case, there is appropriate leadership of our Audit Committee.

In line with the guidance issued by HM Treasury, separate statements on internal control have been prepared for both The English Sports Council Group and The

³ Making grants efficiently in the culture, media and sports sector, National Audit Office, 2008

English Sports Council National Lottery Distribution Fund and appear on page 46 and page 94 respectively.

Auditing procedure

The Council is required to have its accounts audited by a body approved by the Secretary of State for Culture, Olympics, Media and Sport.

The Comptroller and Auditor General has been appointed to audit the accounts of The English Sports Council. The audit fee was £55,000 for the audit of the Council and £102,000 for the audit of the Group.

The National Lottery Act etc. 1993 (as amended) also requires The English Sports Council National Lottery Distribution Fund accounts to be audited by the Comptroller and Auditor General. The audit fee for the year was £55,000 for the audit of the Lottery financial statements only.

Prompt payment policy

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 2009/10 the average period for the payment of invoices was 22.1 days (2008/09: 27.2 days).

Sickness Policy

We have policies and procedures in place to monitor sickness absence, both long-term and short-term. This information is regularly reported to the Executive Team and the Main Board.

During 2009/10, sick absence excluding long-term sick absence, averaged 2.3 days per person, down from 3.6 days per person the previous year. Two colleagues had long-term sick absences (defined as periods of 20 or more days) down from 10 the previous year.

Corporate responsibility and sustainable development

We are committed to supporting and promoting sustainable development in all aspects of our work. This includes investing in projects and facilities that demonstrate sound business plans explaining how they will support themselves financially beyond the end of any grant or subsidy support.

We believe it is important that our employees are encouraged to play a full role in their community and so we allow our colleagues to take three days paid and two days unpaid leave to do volunteering work every year.

We have reduced the amount of material we print, using our new corporate website and email newsletters to disseminate information less wastefully. When we do print materials we are committed to using recycled or sustainable sources of paper. And we recycle as much redundant ICT equipment as possible through charities that repurpose it for use in developing countries.

Requests for information

As a public body we receive numerous requests for information including questions parliamentary questions (PQs) and Freedom of Information requests.

From 1 April 2009 to 31 March 2010 we responded to 424 requests to help answer Parliamentary and other DCMS questions. We also received 191 requests for information under the Freedom of Information Act. Despite this substantial increase from just 71 requests the previous year, all responses were dealt with on time.

Reporting of personal data-related incidents

In accordance with Cabinet Office guidance under the Security Policy Framework – December 2008 (SPF), Sport England has in place robust and specific measures to ensure information security applies to all staff and third parties and will be introducing further measures as required.

There was one incident in July 2009/10 when three laptops were stolen from a Sport England's office. Two of these laptops were unencrypted. An audit of the data on the machines revealed copies of signed BACS authorisation forms and the personal contact details of two individuals. We contacted the banks to inform them of the breach and informed the relevant individuals of the possible loss.

On 14 August 2009 we wrote to the Information Commissioner's office to notify them of this incident and explain the procedures we had taken as result.

This theft occurred just before the planned roll-out of full encryption of all laptops. All laptops are now encrypted and instructions have been issued to staff on what to do in the event of a theft.

Pension provision

Sport England's provides employees with a final salary pension scheme which has been closed to new members since 30 September 2005.

The latest actuarial valuation of the scheme at 31 March 2007 prepared by the Trustees indicated a deficit of £18.3m. The next actuarial valuation is being prepared as at 31 March 2010 and is expected to be finalised towards the end of 2010.

The actuarial valuation determines the future funding of the scheme and is important to Sport England because it defines the level of future annual cash contributions to cover the scheme deficit. Discussions have already commenced with the Trustees in order to extend the period over which the deficit is paid.

The financial statements which are prepared as at 31 March 2010 under the assumptions prescribed by IAS 19 indicate a deficit of £52.2m. The pension liabilities in the financial valuation are prepared on the basis that the liabilities are discounted in line with the yields on high quality corporate bonds. Corporate bond yields have decreased which has had the result of significantly increasing the pension liabilities in the financial valuation. The share of the defined benefit pension liability is allocated to the Exchequer and Lottery accounts in the ratio 40:60.

Sport England also provides a Group Stakeholder Pension Scheme for all new employees.

Remuneration Report

Remuneration Policy

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

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

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

Service contracts

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

Unless otherwise stated below, the Senior Executive members of the Council covered by this report hold appointments, which are open-ended until they reach the normal retiring age. Early termination, 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.

Salary and Pension Entitlements

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

Board Members salary includes allowances of £218 for attendance at Board meetings.

Remuneration (subject to audit)

Name	2009-10		2008-09	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Richard Lewis <i>Chairman from April 2009</i>	45 - 50	-	-	-
Ged Roddy <i>Vice Chair until May 2008</i> <i>Board Member from Feb 2007 to Jan 2009</i> <i>RSB Chair from Dec 2005 to Dec 2008</i>	-	-	10 - 15	-
Michael Farrar <i>Interim Chair from Dec 2007- Mar 2009</i> <i>Board Member from Mar 2005 to Mar 2012</i> <i>(Board attendance fee not requested)</i>	-	-	-	-
Jill Ainscough <i>Board Member from Apr 2007 to Apr 2011</i> <i>Chair of Audit Committee from Nov 2009</i> <i>(Board attendance fee not requested in 2009-10)</i>	-	-	0 - 5	-
Karren Brady <i>Board Member from Mar 2005 to Mar 2011</i>	0 - 5	-	0 - 5	-
Sir Andrew Foster <i>Board Member from Jul 2006 to Jul 2009</i> <i>(Board attendance fee not requested)</i>	-	-	-	-
Ashia Hansen <i>Board Member from Jan 2006 to Dec 2009</i> <i>(Board attendance fee not requested in 2009-10)</i>	-	-	0 - 5	-
Phil Lemanski <i>Board Member from Apr 2007 to Apr 2010</i>	0 - 5	-	0 - 5	-
Dr Jack Rowell OBE <i>Board Member from Jan 2006 to Dec 2009</i>	0 - 5	-	0 - 5	-
Mich Stevenson OBE DL <i>Board Member from Apr 2007 to Apr 2013</i>	5 - 10	-	0 - 5	-
James Stewart <i>Board Member from Apr 2007 to Apr 2013</i> <i>(Board attendance fee not requested)</i>	-	-	-	-
Martin Thomas <i>Board Member from Apr 2007 to Apr 2013</i>	0 - 5	-	0 - 5	-
Andy Worthington <i>Board Member from Feb 2007 to May 2008</i> <i>RSB Chair from Jun 2006 to Dec 2008</i>	-	-	5 - 10	-
John Brewer <i>RSB Chair from Oct 2007 to Dec 2008</i>	-	-	5 - 10	-
Stephen Castle <i>RSB Chair from Aug 2005 to Dec 2008</i>	-	-	5 - 10	-
Len Jackson <i>RSB Chair from Dec 2005 to Dec 2008</i>	-	-	5 - 10	-
Mary McAnally <i>RSB Chair from Dec 2005 to Dec 2008</i>	-	-	5 - 10	-
Paul Millman <i>RSB Chair from Jan 2008 to Aug 2008</i>	-	-	5 - 10	-

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Name	2009-10		2008-09	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Rauf Mirza <i>RSB Chair from Jun 2006 to Dec 2008</i>	-	-	5 - 10	-
Peter Price <i>RSB Chair from Dec 2005 to Dec 2008</i>	-	-	5 - 10	-
Peter Rowley <i>RSB Chair from Nov 2007 to Dec 2008</i>	-	-	5 - 10	-
Jennie Price ¹ <i>Chief Executive from Apr 2007</i>	170 - 175	-	180 - 185	-
Rona Chester <i>Chief Operating Officer from Mar 2010</i>	10 - 15	-	-	-
Judith Dean <i>Director of Communities from Dec 2008</i>	85 - 90	-	25 - 30	-
Thomas Godfrey <i>Commercial Director from Oct 2007</i>	100 - 105	-	95 - 100	-
Charles Johnston ² <i>Director of Property from Aug 2008</i>	120 - 125	-	65 - 70	-
IPG Operations Management Limited <i>Interim Director of Property from Aug 2007 to Aug 2008 (Charles Johnson)</i>	-	-	65 - 70	-
Lisa O'Keefe <i>Director of National Sport - joint from Jul 2008</i>	85 - 90	-	60 - 65	-
Phil Smith <i>Director of National Sport - joint from Sep 2008</i>	110 - 115	-	60 - 65	-
Mihir Warty <i>Director of Strategy and Research from Aug 2006</i>	95 - 100	-	95 - 100	-
Caroline Weber <i>Director of Communications and Public Affairs from Nov 2008</i>	90 - 95	-	35 - 40	-
Mike Diaper ³ <i>Director of Children and Young People seconded from Apr 2008 to Oct 2009 (Department for Culture Media and Sport) Sport England employee from Nov 2009</i>	80 - 85	-	80 - 85	-
Green Park Interim & Executive Limited ⁴ <i>Interim Director of Finance and Corporate Services from Dec 2007 to Aug 2009 (Philip Mabe)</i>	85 - 90	-	215 - 220	-
Green Park Interim & Executive Limited ⁴ <i>Interim Director of Finance and Corporate Services from Aug 2009 to Mar 2010 (Robert Kendall)</i>	120 - 125	-	-	-
Joanna Robinson ⁵ <i>Director of Regional Sport from Oct 2004 Seconded to Commonwealth Games Council Feb 2009 to Dec 2010</i>	60 - 65	-	45 - 50	-

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Name	2009-10		2008-09	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Stephen Baddeley <i>Director of National Sport from Apr 2007 to Apr 2008</i>	-	-	35 - 40	-

Notes

1. Includes performance-related remuneration for 08/09 and 09/10. 50% of the 09/10 performance related remuneration was waived.
2. Includes performance-related remuneration for 08/09 and 09/10
3. Mike Diaper was previously seconded from DCMS. He became a Sport England employee in Nov 2009
4. Green Park supplied two different Interim Directors of Finance and Corporate Services for the 09/10 financial period
5. Maternity leave was taken from Apr 2009 to Oct 2009 on a mixture of full pay, half pay and unpaid leave, the position was not covered during this period.

Salary

'Salary' includes gross salary; performance pay or bonuses and any other allowance to the extent that it is subject to UK taxation.

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. There are no benefits in kind.

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

	Accrued pension at age 65 as at 31/3/10	Real increase in pension at age 65	Real increase in lump sum at age 65	Lump sum at 31/3/10	CETV at 31/3/10	CETV at 31/3/09	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000

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Lisa O'Keefe <i>Director of National Sport- joint from Jul 2008</i>	10-15	2.5-5	2.5-5	25-30	144	119	19
Stephen Baddeley <i>Director of National Sport from Apr 2007 to Apr 2008</i>	-	-	-	-	-	20-25	-
Joanna Robinson <i>Director of Regional Sport from Oct 2004 Secoded to Commonwealth Games Council Feb 2009 –Dec 2010</i>	5-10	0-2.5	0-2.5	15-20	71	58	8

The figures may be different from the closing figures in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

Partnership Pension Accounts (subject to audit)

	Provider	Employer Contributions for the Year 2010	CETV at 31/3/10	Employer Contributions for the Year 2009	CETV at 31/3/09
		£'000	£'000	£'000	£'000
Jennie Price <i>Chief Executive from Apr 2007</i>	Standard Life	14	327	14	220
Mihir Warty <i>Director of Strategy and Research from Aug 2006</i>	Scottish Equitable Group Stakeholder Pension Scheme	11	68	11	35
Thomas Godfrey <i>Commercial Director from Oct 2007</i>	Scottish Equitable Group Stakeholder Pension Scheme	11	49	11	21
Caroline Weber <i>Executive Director of Communications and Public Affairs from Nov 2008</i>	Scottish Equitable Group Stakeholder Pension Scheme	7	19	3	4
Phil Smith <i>Director of National Sport- joint from Sep 2008</i>	Scottish Equitable Group Stakeholder Pension Scheme	12	35	9	9
Mike Diaper ¹	Scottish Equitable	3	4	-	-

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	Provider	Employer Contributions for the Year 2010	CETV at 31/3/10	Employer Contributions for the Year 2009	CETV at 31/3/09
		£'000	£'000	£'000	£'000
Director of Children and Young People from April 2008	Group Stakeholder Pension Scheme				
Judith Dean <i>Director of Communities from Dec 2008</i>	Scottish Equitable Group Stakeholder Pension Scheme	10	40	8	16

¹. Mike Diaper (Director of Children and Young People) was on secondment from the Department of Culture Media and Sport in 2008/09 and the pension liability remains with the Department.

Pensions

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

Other than those disclosed in the above notes, no contributions were paid in respect of any other directors in the year.

LPFA

Employee contributions are set at the rate of 6.5-7.5% of pensionable earnings. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. There is no automatic lump sum payable on retirement (but members may give up (commute) some of their pension to provide a lump sum). The English Sports Council is one of a large number of employers whose staff participate in the scheme.

GSPS

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

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

Standard Life

Sport England contributes 10% of the annual basic salary.

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

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

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

own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV (London Pension Funds Authority)

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

Jennie Price
Chief Executive and Accounting
Officer of The English Sports Council
12 July 2010

Richard Lewis
Chair of The English Sports
Council
12 July 2010

Statement of the Council's 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, Olympics, Media and Sport, with the consent of HM Treasury. The accounts are prepared on an accruals basis to show a true and fair view of the Council and Group's state of affairs at the period end, and of its income and expenditure and cash flows for the financial period.

In preparing the accounts the Council is required to:

- Observe the accounts direction issued by the Secretary of State for Culture, Olympics, 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
12 July 2010

Richard Lewis
Chair of The English Sports
Council
12 July 2010

Statement on internal control

Scope of responsibility

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

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

Sport England is a Non-Departmental Public Body sponsored by DCMS. Regular meetings are held between members of my Executive team and other key staff with our sponsor department. On a quarterly basis formal meetings are held when the strategic risk register, quarterly performance report and management accounts are provided to DCMS following board approval. A senior DCMS official also attends Main Board meetings as an observer. Both I, and the Chair, meet with Ministers during the year to discuss issues that relate to delivery of Sport England's strategy.

The purpose of the system of internal control

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

The system of internal control has been in place in Sport England for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to handle risk

As Accounting Officer I am personally responsible for ensuring Sport England has an effective risk management process. We have a documented risk management strategy that follows HM Treasury's Orange Book guidance on risk management and outlines the key principles underpinning our approach to the management of risk. Each strategic and significant operational risk is managed by a member of the Executive team. The Strategic Risk Register is presented to Audit, Risk and Governance Committee meetings and to the Sport England Main Board.

Staff are equipped to manage risks in a number of ways including through:

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- Risk/control mechanisms and related training, which was a particular feature of the Sport Directorate's activities in 2009/10
- Formal identification and assessment of risks for each award assessed by grants management staff within the Finance and Corporate Service Directorate as part of the awards' assessment process
- Inclusion of risk identification and assessment sections in papers presented to Project Committee which approves all awards between £500k and £2m.

Work to further embed risk management at all levels of the organisation will take place during 2010/11.

The risk and control framework

The Executive team regularly identified and evaluated key risks to the delivery of Sport England's strategic plan regularly. Strategic risks, together with existing controls and planned actions to manage risks, are recorded in the strategic risk register. A cyclical approach to review of the register by the Executive team, the Audit, Risk & Governance Committee and then by the Board is now in place. The Audit, Risk & Governance Committee and the Board independently scrutinise risks, risk assessments and controls and actively challenge management to deliver planned actions to mitigate key risks identified. Where Members consider that specific key risks require more immediate action to reduce the residual risk assessment through more immediate implementation of planned actions, this is communicated to management and appropriate action taken with reporting of outcomes to the next Committee meeting.

The key risks the organisation manages relate to:

- Delivery of our 09-13 investment including NGBs' delivery of agreed outcomes and their contribution to Sport England's grow, sustain and excel targets and
- Ensuring that grant funding provides value-for-money.

Risk appetite is determined and monitored using inherent and residual risk assessment figures, with risks ranked on a score of 1 to 5 for both impact and likelihood producing a combined risk score of between 1 and 25. The Board reviews key risks and related planned actions for all risks assessed as 16 or over.

Where risks are identified through the self-assurance and on-site audit process for NGBs and National Partners, immediate steps are taken to address those organisations with inappropriate governance procedures through formal letters setting out actions to be taken. Payments can be suspended where appropriate, and in some cases have been changed to monthly or quarterly payments to reduce the risk to Sport England. Ongoing development of the measurement and understanding process, including further developments in the scrutiny of 2009-13 compliance, is planned for year 2010/11.

Information risk is included as a specific risk in the strategic risk register. An Information Governance Project with full scope, deliverables and benefits was established in December 2009, and the initial task of a full data survey is underway. A Senior Information Risk Owner was appointed during the year from the Executive team. Policies have been put in place with regards to publication of information and data protection and organisational structures have been developed with regards to the oversight of information management. The Executive Team have also been fully briefed on management responsibilities. Internal audit also independently reviewed information governance and risks.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit, Risk and Governance Committee, and a plan to ensure continuous improvement of the system is in place. My review has been informed by advice from the following sources:

- The Main Board – All Board members are appointed by the Secretary of State for Culture, Olympics, Media and Sport. The Board met 5 times this year to consider Sport England’s strategy and performance and to assess investment decisions.
- The Audit, Risk and Governance Committee – This comprises two Board members, one of whom is Chair, and two additional non-executive members who have been selected for their expertise in this field. The Committee met five times this year with both Internal and External Auditors present, to receive and respond to reports, to consider and advise me on the appropriateness of our corporate governance, risk management and internal control arrangements and to review the external financial statements prior to submission to the Main Board.
- The Project Committee – This comprises two Main Board members and an additional non-executive member. It is chaired by a member of the Main Board. It is responsible for making funding decisions on awards of up to £2m.
- The Finance Committee – This comprises two Main Board members. The Committee has been set up to assist the Board’s levels of understanding and confidence in the financial information presented and to ensure that strong support and challenge is provided to the Executive Finance function. The Committee meets three weeks before Board meetings and presents written reports to the Board.

- The Executive Group – I meet regularly with my Executive Group to manage operational and strategic issues, risks, plans and objectives. Each of my Executive Directors was required to provide me with an assurance that proper and reasonable internal controls operated effectively and that proper standards of conduct had been maintained during 2009/10.
- Senior Information Risk Owner – The SIRO provides written advice to me to support the content of this statement in regard to information risk.
- Internal Audit – The Head of Internal Audit, supported by an outsourced IA team, provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of Sport England’s framework of governance, risk management and control in line with HM Treasury requirements. Internal Audits are carried out throughout the financial year in accordance with a programme agreed by the Audit, Risk and Governance Committee.
- External Audit – The external auditors provide comments on internal control in their management letters and other reports.

My review of effectiveness has also been informed by a number of independent reviews and activities during 2009/10. These included:

- Independently assessed self-assurance returns from all NGBs and funded partners in receipt of 09-13 funding as well as on-site audits for a sample of bodies funded through the 09-13 programme;
- The Report of the Inquiry into the World Class Payments Bureau (the Dutton Report);
- A value-for-money study by the NAO entitled ‘Increasing Participation in Sport’ carried out during 2009/10 and published on 27 May 2010. The report concluded that the new strategy, funding process for individual sports, and performance management arrangements between the Department and Sport England and between Sport England and its funded bodies are a marked improvement on what went before. However, the report also highlighted areas of risk to the delivery of the participation target and challenges in securing £50 million from commercial investment. Recommendations were also made to agree milestones and baselines with DCMS and to maximise the effectiveness of delivery through partnerships;
- An OGC Gateway review of the procurement of the management contract for the national sports centres. This identified a number of areas for improvement in the procurement selection criteria and

project governance. These have been incorporated into the procurement process.

- A due diligence review by Deloitte to provide information to assist Sport England to make a judgement as to Facebook's appropriateness as a business partner for Sport England. Based on these findings, no issues or risks were raised which would cause concern over entering into a partnership with Facebook.
- A formal review by DCMS of the Active People Survey which endorsed its methodology.

Significant Internal Control Issues

Governance

In relation to information governance, significant risks were highlighted as part of the Dutton Report in December 2009. A project plan and accompanying resource has since been put in place, and regular progress reports delivered to the Sport England Main Board and Audit, Risk & Governance Committee. I am now satisfied that adequate controls have been put in place to mitigate risk in this area and that processes are being implemented to achieve full compliance with the Cabinet Office mandatory measures to protect information where they are applicable to Sport England's operations.

Control

Prior Year Investigation

During the year an independent investigation was conducted by Timothy Dutton QC into the creation and operation of arrangements known as the World Class Payments Bureau and a report published in December 2009 (the Dutton report).

The Dutton report concluded that the World Class Payments Bureau (WCPB) had not been used as a vehicle for fraud by staff at Sport England, but that there had been serious weaknesses in the governance and control environment, and that it was doubtful that Sport England obtained value for money for the 'investments' made into some of the National Governing Bodies which were handled by the WCPB. In some particular circumstances the advancing of monies to certain organisations should have come to a close very much sooner than it did because value for money was not being achieved.

The report also found that since 2007 a much improved control environment had been created, and the system now in place for funding National Governing Bodies was significantly better.

I have commented below on the three major aspects of the report: value for money; historic governance and control issues and recommendations which relate to current practice.

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In relation to value for money, I have reviewed the payments identified in the Dutton Report which should properly be treated as losses in accordance with Managing Public Money. The total losses identified fall below the £250,000 disclosure level set out in Managing Public Money.

I have noted the finding in the Report that it is doubtful that some payments made to governing bodies will have delivered value for money, and avoiding a recurrence of this has been and will continue to be a guiding principle in the funding arrangements for NGBs now adopted by Sport England.

The historic weaknesses in the governance and control environment related to matters such as the approach to the approval of new areas of business, staff inductions, the approach to reporting to the Audit Committee and Board, the opening of new bank accounts, the separation of audit from the management of the business and the arrangements for electronic transfers. Although the Dutton report clearly stated that these were not a comment on current practice at Sport England, the Audit Risk and Governance Committee has now reviewed each of these matters in order to satisfy itself that they could not recur, and a number of further improvements and clarifications have been made in governance and control as a result.

The recommendations of the Report on current practice related to: the governance of National Governing Bodies, which is being considered and addressed in discussions with UK Sport and DCMS as the Report recommends; the avoidance of heavy use of temporary staff, which has been addressed; the appointment of individuals to Committees, which has been addressed; an improved system of document management and archiving, which is part of the work on improving Information Governance described above.

Jennie Price
Chief Executive and Accounting Officer
of The English Sports Council
12 July 2010

Richard Lewis
Chair of The English Sports
Council
12 July 2010

INDEPENDENT AUDITOR'S REPORT TO THE ENGLISH SPORTS COUNCIL

I have audited the financial statements of The English Sports Council and Group for the year ended 31 March 2010 in accordance with the Royal Charter of the English Sports Council. These comprise the Group and Council Net Expenditure Account, the Group and Council Statement of Financial Position, the Group and Council Statement of Cash Flows, the Group and Council Statements of 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 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 Council's and Chief Executive's Responsibilities, the Council and Chief Executive, as Accounting Officer, 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 the financial statements in accordance with applicable law and 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'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 am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of The English Sports Council's and Group's affairs as at 31 March 2010 and of their net expenditure, changes in taxpayer's equity and cash flows for the year then ended; and

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- the financial statements have been properly prepared in accordance with Article 14 of the Royal Charter of The English Sports Council and directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Article 14 of the Royal Charter of The English Sports Council and directions issued thereunder; and,
- the information given in Our Corporate Structure and Financial Report sections of the Annual 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
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

My report on these financial statements is at pages 54 and 55.

*Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Date 16 July 2010*

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

Introduction

Last year I reported that the English Sports Council (Sport England) had alerted me to the existence of a bank account, called the World Class Payments Bureau (WCPB), which operated outside of Sport England's established financial control framework. The WCPB account was in operation from 1999, became dormant in March 2007, and was closed in January 2009. The control and operation of the WCPB account may have placed substantial amounts of public funds at undue risk over an extended period of time.

This report provides an update on my report on the 2008-09 financial statements and outlines the results of an independent investigation into the circumstances surrounding the operation of the WCPB. It also details the impact on the financial statements and my audit.

World Class Payments Bureau (WCPB)

The WCPB was established by Sport England in 1999, to provide accounting and payment services to a number of sport National Governing Bodies (NGBs). The WCPB processed £19.7 million of transactions for fifteen sports over the period it was active.

As a result of the WCPB operating outside of Sport England's standard financial controls, the activities of the WCPB were not subject to my annual independent audit of Sport England's activities. Neither Sport England, nor its bankers, formally brought to my attention the existence or nature of the WCPB account and its operations, and it was not included in the formal annual representations to me from successive chief executives, as Accounting Officers. The current chief executive, who was appointed in April 2007, confirmed to me that she was not made aware of the WCPB's existence until December 2008.

Inquiry into the WCPB

An independent inquiry into the operations of the WCPB was established by the Chair of Sport England in June 2009, to review and investigate the creation of the WCPB and its operation. The inquiry was led by Tim Dutton QC and published its findings in December 2009 (www.sportengland.org).

Sport England's response to the inquiry

In relation to the recommendations made by Tim Dutton QC, Sport England have summarised their progress in the Statement on Internal Control, which is not inconsistent with my understanding of the internal control framework currently in place. My recent value for money report "Increasing Participation in Sport" also recognised the marked improvements in Sport England's new strategy, funding processes for individual sports and performance management, whilst also recognising areas of risk.

Impact on the financial statements and my audit opinion

Grant awards paid through the WCPB relate to accounting periods prior to 2009-10. However, where payments were, in accordance with Managing Public Money, deemed inappropriate or should not have been made, Sport England are required to disclose these as losses and special payments when they are identified.

Sport England have reviewed the report of Tim Dutton QC, and where doubts have been raised over the value for money or propriety of transactions they have made an assessment of whether a loss or special payment should be disclosed. As a result of this assessment, specific losses totalling £187,000 were identified. These losses relate to items where receipts or records could not be found or did not support the transactions, and interest foregone as a result of holding money in the WCPB in a non-interest bearing account. In my opinion these are not material to the financial statements.

Sport England have also concluded that it would not be cost effective to investigate further to quantify the level of losses in respect of a number of transactions or funding decisions where Tim Dutton QC raises doubts. This includes doubts over the value for money received from some of the funding provided to specific NGBs.

I have considered this and other implications for the financial statements as part of my audit of the 2009-10 financial statements. The specific losses identified are not, in my opinion, material and the disclosures made in the financial statements are adequate and in accordance with the reporting requirements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Date 16 July 2010

THE ENGLISH SPORTS COUNCIL AND THE ENGLISH SPORTS COUNCIL GROUP
Consolidated Financial Statements for the year ended 31 March 2010

GROUP AND COUNCIL NET EXPENDITURE ACCOUNT

	Note	GROUP		COUNCIL	
		2010 £000	2009 £000	2010 £000	2009 £000
CONTINUING OPERATIONS					
EXPENDITURE					
Staff Costs	4	8,328	9,633	8,323	9,628
Grants	5	111,397	104,787	111,397	104,787
Active England Programme Awards	5.1	4,590	5,376	4,590	5,376
Net National Sports Centres Costs	6	4,209	5,607	4,209	5,607
Sports Development	7	5,396	6,923	5,396	6,923
Other Operating Costs	8	9,853	9,906	5,787	5,014
Notional Interest on Capital Employed		1,022	1,410	(592)	(304)
Loss on Revaluation		1,641	2	-	-
		146,436	143,644	139,110	137,031
INCOME					
Other Operating Income	3	(2,178)	(2,873)	(1,718)	(2,104)
Big Lottery Fund Income: Active England Programme	5.1	(4,590)	(5,376)	(4,590)	(5,376)
Lottery Grants Received and Released		(1,497)	(1,397)	-	-
Other Grants Received and Released		(77)	(140)	-	-
		(8,342)	(9,786)	(6,308)	(7,480)
NET OPERATING EXPENDITURE		138,094	133,858	132,802	129,551
INVESTMENT INCOME					
Dividends and Interest	9	(36)	(513)	(20)	(498)
NET EXPENDITURE BEFORE TAXATION		138,058	133,345	132,782	129,053
Taxation	10	(50)	124	4	138
NET EXPENDITURE FOR THE YEAR AFTER TAXATION		138,008	133,469	132,786	129,191
Notional Interest Written Back		(1,022)	(1,410)	592	304
NET EXPENDITURE FOR THE YEAR	16	136,986	132,059	133,378	129,495

Figures for 2009 have been re-stated in line with International Financial Reporting Standards. The prior year Operating Costs note has been restated into Sports Development costs note and Other Operating costs note.

The notes on pages 61 to 92 form part of these financial statements.

THE ENGLISH SPORTS COUNCIL AND THE ENGLISH SPORTS COUNCIL GROUP
Consolidated Financial Statements for the year ended 31 March 2010

GROUP AND COUNCIL STATEMENT OF FINANCIAL POSITION

	Note	GROUP			COUNCIL		
		2010 £000	2009 £000	2008 £000	2010 £000	2009 £000	2008 £000
NON-CURRENT ASSETS							
Property, Plant and Equipment	11	89,435	102,841	104,304	167	124	314
Intangible Assets	12	255	226	381	255	226	381
Financial Assets	13	599	440	611	-	-	-
Loan		-	-	900	-	-	900
		90,289	103,507	106,196	422	350	1,595
CURRENT ASSETS							
Trade and other Receivables	14	6,036	3,787	7,397	5,471	3,126	5,932
Prepaid Grants		-	95	2,579	-	95	2,579
Cash and Cash equivalents		3,819	12,551	16,210	3,636	12,195	16,007
		9,855	16,433	26,186	9,107	15,416	24,518
TOTAL ASSETS		100,144	119,940	132,382	9,529	15,766	26,113
CURRENT LIABILITIES							
Net Grants outstanding	22	(4,927)	(4,512)	(11,014)	(4,927)	(4,512)	(11,014)
Trade and other Payables	15	(4,816)	(10,391)	(9,501)	(4,295)	(9,633)	(8,178)
		(9,743)	(14,903)	(20,515)	(9,222)	(14,145)	(19,192)
NON-CURRENT LIABILITIES							
Provisions	19	0	(69)	(2,068)	0	(69)	(2,068)
Pension Liability	18	(22,205)	(13,467)	(10,592)	(22,205)	(13,467)	(10,592)
		(22,205)	(13,536)	(12,660)	(22,205)	(13,536)	(12,660)
TOTAL LIABILITIES		(31,948)	(28,439)	(33,175)	(31,427)	(27,681)	(31,852)
ASSETS LESS LIABILITIES		68,196	91,501	99,207	(21,898)	(11,915)	(5,739)
TAXPAYERS' EQUITY							
Deferred Grant Reserve	25	36,942	38,379	39,369	-	-	-
Revaluation Reserves	24	12,169	26,046	28,816	-	-	-
National Centres Reserve	23	34	34	34	34	34	34
General Reserve	16	38,359	38,850	41,136	(2,624)	(141)	4,375
Pension Reserve	17	(19,308)	(11,808)	(10,148)	(19,308)	(11,808)	(10,148)
TOTAL TAXPAYERS' EQUITY		68,196	91,501	99,207	(21,898)	(11,915)	(5,739)

Figures for 2009 and 2008 have been re-stated in line with International Financial Standards

The notes on pages 61 to 92 form part of these financial statements.

Jennie Price
Chief Executive and Accounting Officer of The
English Sports Council
12 July 2010

Richard Lewis
Chair of The English Sports
Council
12 July 2010

THE ENGLISH SPORTS COUNCIL AND THE ENGLISH SPORTS COUNCIL GROUP
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GROUP AND COUNCIL STATEMENT OF CASH FLOWS

	Note	GROUP		COUNCIL	
		2010 £000	2009 £000	2010 £000	2009 £000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash outflow from operating activities	27	(139,179)	(128,966)	(139,121)	(129,264)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11	(3,805)	(5,369)	(3,674)	(5,209)
Purchase of intangible assets		(206)	-	(206)	-
Dividends and Interest received		36	513	20	498
Net cash outflow from investing activities		(3,975)	(4,856)	(3,860)	(4,711)
CASH FLOWS FROM FINANCING ACTIVITIES					
Grant-in-Aid applied towards revenue expenditure and awards		80,922	77,163	80,922	77,163
Grant-in-Aid applied towards capital awards		49,826	47,791	49,826	47,791
Grant-in-Aid applied towards purchase of property, plant and equipment		3,674	5,209	3,674	5,209
Net cash inflow from financing activities		134,422	130,163	134,422	130,163
Net (decrease)/increase in cash and cash equivalents in the period	26	(8,732)	(3,659)	(8,559)	(3,812)
Cash and cash equivalents at the beginning of the period		12,551	16,210	12,195	16,007
Cash and cash equivalents at the end of the period		3,819	12,551	3,636	12,195

Figures for 2009 have been re-stated in line with International Financial Reporting Standards

The notes on pages 61 to 92 form part of these financial statements.

THE ENGLISH SPORTS COUNCIL AND THE ENGLISH SPORTS COUNCIL GROUP
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THE ENGLISH SPORTS COUNCIL
STATEMENT OF CHANGES IN TAX PAYERS' EQUITY

	National Centres Reserve	Pension Reserve	General Reserve	Total
	£000	£000	£000	£000
Balance at 31 March 2008	34	(10,148)	4,502	(5,612)
Effects of changes under International Financial Reporting Standards	-	-	(127)	(127)
Balance at 1 April 2008	34	(10,148)	4,375	(5,739)
Changes in taxpayers' equity for 2008-09				
Net operating costs for the year	-	-	(129,495)	(129,495)
Assets gifted to Caversham Lakes Trust Limited	-	-	(404)	(404)
Assets gifted to The Sports Council Trust Company	-	-	(4,780)	(4,780)
Movements in Pension Reserve	-	(1,660)	-	(1,660)
Total recognised Income and expense for 2008-09	-	(1,660)	(134,679)	(136,339)
Grant-in-Aid received	-	-	130,163	130,163
Balance at 31 March 2009	34	(11,808)	(141)	(11,915)
Changes in taxpayers' equity for 2009-10				
Net operating costs for the year	-	-	(133,378)	(133,378)
Assets gifted to The Sports Council Trust Company	-	-	(3,527)	(3,527)
Movements in Pension Reserve	-	(7,500)	-	(7,500)
Total recognised Income and expense for 2008-09	-	(7,500)	(136,905)	(144,405)
Grant-in-Aid received	-	-	134,422	134,422
Balance at 31 March 2010	34	(19,308)	(2,624)	(21,898)

The notes on pages 61 to 92 form part of these financial statements.

THE ENGLISH SPORTS COUNCIL AND THE ENGLISH SPORTS COUNCIL GROUP
Consolidated Financial Statements for the year ended 31 March 2010

THE ENGLISH SPORTS COUNCIL GROUP
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Deferred Grant Reserve	Revaluation Reserve	National Centres Reserve	Pension Reserve	General Reserve	Total
	£000 Restated	£000 Restated	£000	£000	£000 Restated	£000 Restated
Balance at 31 March 2008	39,369	28,816	34	(10,148)	41,263	99,334
Effects of changes under International Financial Reporting Standards	-	-	-	-	(127)	(127)
Balance at 1 April 2008	39,369	28,816	34	(10,148)	41,136	99,207
Changes in taxpayers' equity for 2008-09						
Net operating costs for the year	-	-	-	-	(132,059)	(132,059)
Surplus/(deficit) owing to revaluation of properties	-	(1,777)	-	-	-	(1,777)
Surplus/(deficit) arising on revaluation of investments	-	(102)	-	-	(209)	(311)
Amortisation of Revaluation Reserve to General Reserve	-	(690)	-	-	-	(690)
Revaluation adjustment	-	(201)	-	-	-	(201)
Grants (repaid)/received	728	-	-	-	-	728
Grant release to General Reserve	(1,718)	-	-	-	-	(1,718)
Other movements in subsidiary reserves	-	-	-	-	(181)	(181)
Movements in Pension Reserve	-	-	-	(1,660)	-	(1,660)
Total recognised Income and expense for 2008-09	(990)	(2,770)	-	(1,660)	(132,449)	(137,869)
Grant-in-Aid received	-	-	-	-	130,163	130,163
Balance at 31 March 2009	38,379	26,046	34	(11,808)	38,850	91,501
Changes in taxpayers' equity for 2009-10						
Net operating costs for the year	-	-	-	-	(136,986)	(136,986)
Surplus/(deficit) owing to revaluation of properties	-	(14,502)	-	-	-	(14,502)
Amortisation of Revaluation Reserve to General Reserve	-	(511)	-	-	-	(511)
Revaluation adjustment	-	(9)	-	-	-	(9)
Loss on revaluation of property, plant and equipment	-	1,145	-	-	-	1,145
Grant (repaid)/ received	690	-	-	-	-	690
Grant release to General Reserve	(1,570)	-	-	-	-	(1,570)
Charity assets revaluation and depreciation	(557)	-	-	-	-	(557)
Movements in Pension Reserve	-	-	-	(7,500)	-	(7,500)
Other movements in subsidiary reserves	-	-	-	-	2,073	2,073
Total recognised Income and expense for 2009-10	(1,437)	(13,877)	-	(7,500)	(134,913)	(157,727)
Grant-in-Aid received	-	-	-	-	134,422	134,422
Balance at 31 March 2010	36,942	12,169	34	(19,308)	38,359	68,196

The notes on pages 61 to 92 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Article 14 of the Royal Charter of The English Sports Council and directions issued thereunder by the Secretary of State for Culture, Olympics, Media and Sport with the consent of HM Treasury and the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) 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 most appropriate for the particular circumstances of The English Sports Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by The English Sports Council are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

IFRS 1 – First Time Adoption

The English Sports Council's date of transition is 1 April 2008. IFRS 1 First-time adoption of International Financial Reporting Standards allows entities adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the year of transition (i.e. 2009). The English Sports Council elected not to take any exemptions.

There are no standards and interpretations in issue but not yet adopted that The English Sports Council anticipate will have a material effect on the reported net expenditure or net assets of the group.

1.1 ACCOUNTING CONVENTION

The accounts have been prepared on a going concern basis under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories to fair value as determined by the relevant accounting standard. Without limiting the information given, the accounts meet the requirements of the Companies Act 2006, the Accounting Standards issued or adopted by the Accounting Standards Board and the HM Treasury guidance on accounts of Non-Departmental Public Bodies insofar as those requirements are appropriate to each of The English Sports Council and the Group.

1.2 GOING CONCERN

The 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 grants-in-aid from Sport England's sponsoring department, the Department for Culture Media and Sport. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

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

1.3 BASIS OF CONSOLIDATION

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

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

All the accounts consolidated are made up to 31 March 2010.

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

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

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

1.4 INCOME AND EXPENDITURE

All income and expenditure is accounted for on an accruals basis, net of VAT. HM Treasury has judged that grant in aid should be recognised as financing and therefore credited directly to reserves as opposed to income (refer note 16).

1.5 GRANTS

To further its objectives, The English Sports Council gives grants to sport related organisations. Grants are offered on the basis of entering into a financial commitment. Grants payable are charged to the Net Expenditure Account on an accruals basis.

1.6 NATIONAL LOTTERY DISTRIBUTION FUND SHARE OF OVERHEADS

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

1.7 PENSIONS

The pension liabilities and assets of the defined benefit scheme are recorded in line with IAS19, with a valuation undertaken by an independent actuary. IAS19 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 scheme assets and liabilities. The value of benefits accrued is used to determine the pension charge in the Net Expenditure Account and the interest on scheme assets and liabilities is shown in the Net Expenditure Account.

The change in the value of the assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members, is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability or asset is shown on the Statement of Financial Position.

The apportionment of the resulting pension liability or asset between Grant-in-Aid and National Lottery Distribution Fund activities is based on a historical apportionment of cost based on the time recording system which splits the time spent by staff between Grant-in-Aid and National Lottery Distribution Fund activities.

1.8 OPERATING LEASES

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

1.9 COST OF CAPITAL

A charge, reflecting the cost of capital utilised by The English Sports Council, is included in operating costs. The charge is calculated at the real rate set by HM Treasury, currently 3.5% (2009: 3.5%), on the average carrying amount of all assets less liabilities, except for lottery funded assets.

1.10 PROPERTY, PLANT AND EQUIPMENT

Valuations of land and buildings are carried out at five yearly intervals. Freehold land and buildings were subject to a full valuation at 31 March 2006. These properties were valued by the Valuation Office Agency in accordance the Statement of Valuation Practice published by the Royal Institution of Chartered Surveyors. Between valuations appropriate price indices , as recommended by the Department for Culture , Media and Sport have been used. Valuations are based on Depreciated Replacement Cost (DRC) , in the case of properties at Bisham, Lilleshall, and Plas Y Brenin, and open market value for other centres. The DRC basis generates an open market valuation of the land based on an estimate of the gross current replacement cost of the buildings and other site works from which deductions are then made to allow for age, condition and obsolescence.

Art Works and Antiques are carried at external valuation dated 17 January 2008. The valuers value these assets for the purposes of insurance based on their opinion of the actual purchase price or probable cost of replacing the items in the condition in which they saw them with comparable items in similar condition by purchase in the normal retail market at the valuation.

Other Property, plant and equipment have not been revalued 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.

1.11 INTANGIBLE ASSETS

Software is amortised on a straight line basis over 3 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.

1.12 DEPRECIATION

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

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

Freehold buildings are depreciated over their specific unexpired useful lives as identified by the Valuation Office Agency. Improvements to leasehold buildings are written off over the unexpired term of the specific leases. No depreciation is applied in the year the assets are purchased, excluding freehold buildings for which the valuer has given a specific life from the date of the valuation. Full-year depreciation is applied in the year in which the assets are disposed of.

1.13 FINANCIAL ASSETS

Financial assets are shown at their fair value at 31 March 2010. Income is included in the period in which it is received.

1.14 TRADE RECEIVABLES

Trade receivables are recognised initially at fair value less a provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that The English Sports Council will not be able to collect all amounts due according to the original terms of the receivables.

1.15 DILAPIDATIONS

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

1.16 STAFF COSTS

Under IAS19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from leave records.

1.17 TAXATION

The English Sports Council is registered for VAT being involved in business and non-business activity for VAT purposes. The English Sports Council recovers all VAT incurred on the business activity of running The National Sports Centres and where project and other costs are recharged to partners VAT at the standard rate is charged where appropriate.

The English Sports Council pays corporation tax on bank interest received. No corporation tax is payable on the activities of The National Sports Centres as they operate at a deficit. In the case of the subsidiaries, no corporation tax is payable by The Sports Council Trust Company as its activities are of a charitable nature. Phoenix Sports Ltd, corporation tax is only payable on interest receivable. For Caversham Lakes Trust Ltd corporation tax is payable on interest receivable and rental income.

1.18 NATIONAL CENTRES

The English Sports Council via an agency agreement with The Sports Council Trust Company, acts as agent for three National Sports Centres; Bisham Abbey, Lilleshall and Plas Y Brenin. The English Sports Council, as agent, procures and enters into management operator contracts for each of these National Sports Centres. The income and expenditure in respect of these management contracts is incorporated within the operating receipts and centre management fees.

1.19 SPORTS DEVELOPMENT COSTS

Sports Development costs include expenditure incurred by The English Sports Council and The English Sports Council National Lottery Distribution Fund that aims to promote the development of sport, thereby creating increased sporting opportunities for the local community. This is largely achieved through a partnership approach and incorporates expenditure in categories such as Project Management, Surveys, Planning and Facilities.

These costs are expensed in the year in which they are incurred.

2 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

GROUP:	Deferred Grant Reserve	Revaluation Reserves	National Centre Reserve	Pension Reserve	General Reserve
	£000	£000	£000	£000	£000
Taxpayers' equity at 31 March 2009 under UK Generally Accepted Accounting Practice	38,379	26,046	34	(11,808)	39,009
Adjustments for: IAS19 Employee Benefits – Accrued untaken paid leave	-	-	-	-	(159)
Taxpayers' equity at 1 April 2009 under International Financial Reporting Standards	38,379	26,046	34	(11,808)	38,850

COUNCIL:	National Centre Reserve	Pension Reserve	General Reserve
	£000	£000	£000
Taxpayers' equity at 31 March 2009 under UK Generally Accepted Accounting Practice	34	(11,808)	18
Adjustments for: IAS19 Employee Benefits – Accrued untaken paid leave	-	-	(159)
Taxpayers' equity at 1 April 2009 under International Financial Reporting Standards	34	(11,808)	(141)

	GROUP £000	COUNCIL £000
Net operating expenditure for 2009 under UK Generally Accepted Accounting Practice	134,035	129,519
Adjustments for: Movement in accrued untaken paid leave – 2009	32	32
Net operating expenditure for 2009 under International Financial Reporting Standards	134,067	129,551

	GROUP £000	COUNCIL £000
Net operating expenditure for 2010 under UK Generally Accepted Accounting Practice	138,046	132,754
Adjustments for: Movement in accrued untaken paid leave – 2010	48	48
Net operating expenditure for 2010 under International Financial Reporting Standards	138,094	132,802

The valued of accrued unpaid leave at 1 April 2008 was £127,000.

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3 OTHER OPERATING INCOME

	GROUP		COUNCIL	
	2010 £000	2009 £000	2010 £000	2009 £000
Grant clawback	542	-	542	-
Management fee income	109	79	-	-
External funding income	192	3	192	3
Active people survey recharges	515	1,137	515	1,137
Asset hire recharges	155	204	155	204
Other income	665	1,450	314	760
	2,178	2,873	1,718	2,104

4 STAFF COSTS

4.1		GROUP		COUNCIL	
		2010 £000	2009 £000	2010 £000	2009 £000
	Wages and salaries	5,371	5,937	5,366	5,932
	Social security costs	525	496	525	496
	Other pension costs	1,635	2,300	1,635	2,300
	Agency staff	797	900	797	900
	Aggregate Staff Costs	8,328	9,633	8,323	9,628
	The aggregate staff costs cover the following areas of activity:				
	Permanent & fixed term temporary staff	7,531	8,733	7,526	8,728
	Agency staff	797	900	797	900
	Aggregate Staff Costs	8,328	9,633	8,323	9,628

Figures for 2009 have been restated in-line with International Financial Reporting Standards

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4.2 Average monthly number of full time equivalent employees is made up as follows:

	GROUP		COUNCIL	
	2010	2009 Restated	2010	2009
THE ENGLISH SPORTS COUNCIL				
Permanent staff	90	101	90	101
Fixed term temporary staff	11	11	11	11
Agency staff	11	16	11	16
Average Number of Employees	112	128	112	128

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5 GRANTS

	GROUP		COUNCIL	
	2010 £000	2009 £000	2010 £000	2009 £000
CAPITAL AWARDS				
Ring Fenced				
EIS Capital	878	1,445	878	1,445
Free Swimming	10,000	-	10,000	-
Total Ring Fenced	10,878	1,445	10,878	1,445
Non-ring Fenced				
NGB Capital Funding	20,837	-	20,837	-
Football Foundation	15,000	17,500	15,000	17,500
Facilities Investment	3,560	-	3,560	-
Community Club Development Programme	40	23,917	40	23,917
National Sports Foundation – Capital	-	4,668	-	4,668
Total Non-ring Fenced	39,437	46,085	39,437	46,085
TOTAL CAPITAL AWARDS	50,315	47,530	50,315	47,530
RESOURCE AWARDS				
Ring Fenced				
5 Hour Offer	13,408	14,123	13,408	14,123
Total Ring Fenced	13,408	14,123	13,408	14,123
Non-ring Fenced				
National Governing Bodies	25,560	-	25,560	-
Step Into Sport	3,979	3,797	3,979	3,797
School Club Links	4,145	4,242	4,145	4,242
RAMP	166	167	166	167
Community Sports Coach Scheme	953	10,315	953	10,315
Sportsmatch	2,976	3,921	2,976	3,921
Coaching Taskforce	-	(50)	-	(50)
National Sports Foundation – Resource	-	10,360	-	10,360
Velodrome Trust	230	-	230	-
Community Investment Fund	142	597	142	597
Holme Pierrepont	500	-	500	-
National Governing Bodies - Legacy	-	505	-	505
National Partners	9,083	9,065	9,083	9,065
National Exchequer Awards	-	215	-	215
Legacy Decommitments	(60)	-	(60)	-
Total Non-ring Fenced	47,674	43,134	47,674	43,134
TOTAL RESOURCE AWARDS	61,082	57,257	61,082	57,257
TOTAL AWARDS	111,397	104,787	111,397	104,787

5.1 ACTIVE ENGLAND PROGRAMME

The Active England programme is a jointly funded scheme between the Big Lottery Fund (71.76%), and Sport England (28.24%). The total grant funding for the programme was initially intended to be £108.5m but has outturned at £103.9m. These accounts only reflect Sport England's share of the grants funded by the Big Lottery Fund which is £4,590,000 (2009: £5,376,000)

6 NATIONAL SPORTS CENTRES

	GROUP		COUNCIL	
	2010 £000	2009 £000	2010 £000	2009 £000
National Sports Centres:				
Operating receipts	4,967	5,960	4,967	5,960
Other income	-	148	-	148
Total Income from National Centres	4,967	6,108	4,967	6,108
Less Expenses:				
Centre Management Fees	7,933	10,122	7,933	10,122
Insurances	81	119	81	119
Net Rates	11	11	11	11
General Maintenance	556	1,077	556	1,077
Other Centre Expenses	595	454	595	454
Dilapidations	-	(68)	-	(68)
Total Costs associated with National Centres	9,176	11,715	9,176	11,715
NET NATIONAL CENTRES COSTS	4,209	5,607	4,209	5,607

7 SPORTS DEVELOPMENT

	GROUP		COUNCIL	
	2010 £000	2009 £000	2010 £000	2009 £000
		Restated		Restated
Legal	163	178	163	178
Surveys	2,171	3,738	2,171	3,738
Research	293	-	293	-
Measurement and understanding	-	2	-	2
Facilities	462	427	462	427
Planning	607	851	607	851
Communications	15	13	15	13
Project Management	1,240	1,686	1,240	1,686
Equality Standards	5	-	5	-
Programme Development	123	5	123	5
Property and Office costs	1	-	1	-
Free Swimming	316	23	316	23
TOTAL SPORTS DEVELOPMENT COSTS	5,396	6,923	5,396	6,923

The prior year Operating Costs note has been restated into Sports Development costs note and Other Operating costs note.

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8 OTHER OPERATING COSTS

8.1	GROUP		COUNCIL	
	2010 £000	2009 £000 Restated	2010 £000	2009 £000 Restated
Other operating costs consist of the following:				
Auditors' Remuneration ¹	102	80	55	52
Audit and Governance	117	165	117	165
Board expense	11	38	11	38
Travel and Subsistence	428	368	426	366
Staff Training	27	68	27	68
Other Staff costs	118	159	118	159
Property Costs – Operating Lease Rentals	1,087	1,429	1,137	1,073
Other Property Costs including Office Costs	682	927	579	927
Communications	332	451	332	451
Irrecoverable Value Added Tax	446	(655)	446	(655)
IT Infrastructure and System Costs	464	585	464	585
Legal	518	218	518	218
Programme Development	-	175	-	175
Project Management	60	6	60	6
Research Costs	-	2	-	2
Depreciation	3,232	3,685	281	369
Finance Charges	1,238	1,215	1,238	1,215
Loss on Disposal of Property, Plant and Equipment	41	-	-	-
Other Costs	950	990	(22)	(200)
TOTAL OTHER OPERATING COSTS	9,853	9,906	5,787	5,014

¹The audit fee for the Council includes £4,000 (2009: £2,000) for the audit of work in preparedness for IFRS. No payment was made to the auditors for non-audit work.

8.2 LOSSES AND SPECIAL PAYMENTS

In addition to assessing losses and special payments for 2009-10, a detailed review of the Dutton Report was undertaken to identify payments that would fall within the definition of a loss or special payment as set out in Managing Public Money. The Report states that Tim Dutton QC was satisfied that there was no fraud within Sport England itself and that the World Class Payments Bureau (WCPB) was not intended to be a route for channelling payments unlawfully or improperly. The Report concluded that in some particular circumstances the advancing of monies to certain organisations should have come to a close very much sooner than it did because value for money was not being achieved. The main findings of the Dutton Report are addressed within the Statement on Internal Control on pages 46 to 51.

The period of time which has elapsed since the operation of the WCPB means that it is not an effective use of resources to reinvestigate and reopen the individual grants and transactions about which Tim Dutton QC stated or implied an element of uncertainty in his conclusions. Wherever we have been able to make a reasonable judgement on those areas where the Dutton Report expressed concern, we have done so, and no individual loss or special payment identified during the year ended 31 March 2010 exceeded £250,000 (2009: £nil), and the aggregate did not exceed £250,000 (2009: £nil).

The Report also refers to payments made to certain organisations, such as the governing body of karate, where better value could have been obtained, and states that funding should have come to an end sooner than it did. During the financial years from 2000/01 to 2006/07 inclusive, £2.2m was paid to Karate. Some of that funding did not deliver value for money; however with the passing of time it is not considered an effective use of resources to continue investigations to establish the precise extent to which this was the case. The steps now being taken to ensure such a situation does not recur are described in the Statement on Internal Control on pages 46 to 51.

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8.3 COMMITMENTS UNDER OPERATING LEASES

	GROUP		COUNCIL	
	2010 £000	2009 £000	2010 £000	2009 £000
LAND AND BUILDINGS				
Leases - expiring within 1 year	1,524	1,578	1,524	1,578
Leases - expiring between 2 and 5 years	5,669	5,687	5,669	5,687
Leases - expiring after at least 5 years	4,487	5,777	4,487	5,777
Total value of outstanding commitments	11,680	13,042	11,680	13,042

The Land and Buildings operating leases relating to the Council are held in the name of The Sports Council Trust Company, and are recharged to The English Sports Council. The total value of commitments are under these leases and therefore treated as those of The English Sports Council.

9 FINANCIAL ASSET INCOME

	GROUP		COUNCIL	
	2010 £000	2009 £000	2010 £000	2009 £000
Income accrued from the following financial assets:				
Overnight and short-term investment of bank balances	28	502	20	498
Quoted stocks and securities	8	11	-	-
Total financial asset income	36	513	20	498

10 TAXATION

	GROUP		COUNCIL	
	2010 £000	2009 £000	2010 £000	2009 £000
Corporation tax charge current year:	4	124	4	138
Overpayment of Tax for prior year	(54)	-	-	-
	(50)	124	4	138

The English Sports Council pays Corporation Tax at 21% (2009: 28%) on its financial asset income after deducting charges. Refunds in the financial statements of Caversham Lakes Trust Limited have resulted in a credit amount in the Group financial statements.

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11 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equip & Vehicle	IT Equip	Art Works and Antiques	Under Construction	Total
GROUP:	£000	£000	£000	£000	£000	£000	£000
Cost at 1 April 2009	14,435	98,151	2,832	916	-	1,710	118,044
Additions	-	3,085	383	81	-	256	3,805
Disposals	(29)	(37)	(957)	(103)	-	-	(1,126)
Revaluation adjustments	(2,211)	(15,051)	-	-	-	-	(17,262)
Transfers	-	1,617	93	-	-	(1,710)	-
Art Works and Antiques	-	-	-	-	960	-	960
Cost at 31 March 2010	12,195	87,765	2,351	894	960	256	104,421
Accumulated depreciation at 1 April 2009	-	12,325	2,084	794	-	-	15,203
Charge for year:	-	2,736	219	100	-	-	3,055
Disposals	-	(29)	(953)	(102)	-	-	(1,084)
Revaluation adjustments	-	(2,188)	-	-	-	-	(2,188)
Transfers	-	-	-	-	-	-	-
Accumulated depreciation at 31 March 2010	-	12,844	1,350	792	-	-	14,986
Net Book Value at 31 March 2010	12,195	74,921	1,001	102	960	256	89,435
Net Book Value at 31 March 2009	14,435	85,826	748	122	-	1,710	102,841

	Land	Buildings	Equip & Vehicle	IT Equip	Under Construction	Total
COUNCIL:	£000	£000	£000	£000	£000	£000
Cost at 1 April 2009	-	-	139	865	-	1,004
Additions	-	3,286	317	71	-	3,674
Gifted to The Sports Council Trust Company	-	(3,286)	(241)	-	-	(3,527)
Disposals	-	-	(56)	(103)	-	(159)
Cost at 31 March 2010	-	-	159	833	-	992
Accumulated depreciation at 1 April 2009	-	-	135	745	-	880
Charge for year	-	-	3	100	-	103
Disposals	-	-	(56)	(102)	-	(158)
Accumulated depreciation at 31 March 2010	-	-	82	743	-	825
Net Book Value at 31 March 2010	-	-	77	90	-	167
Net Book Value at 31 March 2009	-	-	4	120	-	124

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11 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Buildings	Equip & Vehicle	IT Equip	Under Constru ction	Total
GROUP:	£000	£000	£000	£000	£000	£000
Cost at 1 April 2008 (Restated)	14,783	104,923	4,296	1,883	-	125,885
Additions	-	3,548	86	25	1,710	5,369
Disposals	-	(8,441)	(1,466)	(927)	-	(10,834)
Revaluation adjustments	(319)	(1,908)	-	-	-	(2,227)
Transfers	(29)	29	(51)	51	-	-
Transfer to intangible assets	-	-	(33)	(116)	-	(149)
Cost at 31 March 2009	14,435	98,151	2,832	916	1,710	118,044
Accumulated depreciation at 1 April 2008 (Restated)	-	16,819	3,162	1,600	-	21,581
Charge for year:	-	2,881	461	110	-	3,452
Disposals	-	(6,934)	(1,455)	(928)	-	(9,317)
Revaluation adjustments	-	(441)	-	-	-	(441)
Transfers	-	-	(51)	51	-	-
Transfer to intangible assets	-	-	(33)	(39)	-	(72)
Accumulated depreciation at 31 March 2009	-	12,325	2,084	794	-	15,203
Net Book Value at 31 March 2009	14,435	85,826	748	122	1,710	102,841
Net Book Value at 31 March 2008 (Restated)	14,783	88,104	1,134	283	-	104,304

	Land	Buildings	Equip & Vehicle	IT Equip	Under Constru ction	Total
COUNCIL:	£000	£000	£000	£000	£000	£000
Cost at 1 April 2008	-	-	640	1,853	-	2,493
Additions	-	4,741	443	25	-	5,209
Gifted to Caversham Lakes Trust Limited	-	-	(404)	-	-	(404)
Gifted to The Sports Council Trust Company	-	(4,741)	(39)	-	-	(4,780)
Disposals	-	-	(501)	(897)	-	(1,398)
Transfers to intangible assets	-	-	-	(116)	-	(116)
Cost at 31 March 2009	-	-	139	865	-	1,004
Accumulated depreciation at 1 April 2008	-	-	608	1,571	-	2,179
Charge for year	-	-	28	110	-	138
Disposals	-	-	(501)	(897)	-	(1,398)
Transfers to intangible assets	-	-	-	(39)	-	(39)
Accumulated depreciation at 31 March 2009	-	-	135	745	-	880
Net Book Value at 31 March 2009	-	-	4	120	-	124
Net Book Value at 31 March 2008	-	-	32	282	-	314

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11.1 GROUP

The English Sports Council and The English Sports Council Group own all its assets and have no finance leases or PFI contracts.

The Net Book Value of land and buildings at 31 March 2010 includes an amount of £85,677,000 (2009: £98,519,000) in respect of freehold properties and £1,439,000 (2009: £1,740,000) in respect of leasehold properties. The historical cost of Land and Buildings at 31 March 2010 was £88,087,000 (2009: £83,435,000).

Land and Buildings owned by subsidiary companies was valued by the Valuation Office Agency at 31 March 2006.

Art Works and Antiques

There is a collection of art works furniture and fittings at Bisham Abbey dating from the 16th Century and the historical significance classifies the collection as Art Works and Antiques. The collection was valued for insurance purposes by Sotheby's at £959,700 as at 17 January 2008. These assets are being included in the Statement of Financial Position for the first time, previously they have been mentioned only as a note to the financial statements.

12 INTANGIBLE ASSETS

Intangible assets comprise of software licences and the associated implementation costs.

	Total
GROUP:	£000
Cost at 1 April 2009	2,415
Additions	206
Disposals	(195)
Transfers	-
Cost at 31 March 2010	2,426
Accumulated depreciation at 1 April 2009	2,189
Charge for year:	177
Disposals	(195)
Transfers	-
Accumulated depreciation at 31 March 2010	2,171
Net Book Value at 31 March 2010	255
Net Book Value at 31 March 2009	226

	Total
COUNCIL:	£000
Cost at 1 April 2009	2,382
Additions	206
Disposals	(195)
Transfers	-
Cost at 31 March 2010	2,393
Accumulated depreciation at 1 April 2009	2,156
Charge for year:	177
Disposals	(195)
Transfers	-
Accumulated depreciation at 31 March 2010	2,138
Net Book Value at 31 March 2010	255
Net Book Value at 31 March 2009	226

12 INTANGIBLE ASSETS (CONTINUED)

	Total
GROUP:	£000
Cost at 1 April 2008	2,266
Additions	-
Disposals	-
Transfers	149
Cost at 31 March 2009	2,415
Accumulated depreciation at 1 April 2008	1,885
Charge for year:	232
Disposals	-
Transfers	72
Accumulated depreciation at 31 March 2009	2,189
Net Book Value at 31 March 2009	226
Net Book Value at 31 March 2008	381

	Total
COUNCIL:	£000
Cost at 1 April 2008	2,266
Additions	-
Disposals	-
Transfers	116
Cost at 31 March 2009	2,382
Accumulated depreciation at 1 April 2008	1,885
Charge for year:	232
Disposals	-
Transfers	39
Accumulated depreciation at 31 March 2009	2,156
Net Book Value at 31 March 2009	226
Net Book Value at 31 March 2008	381

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13 FINANCIAL ASSETS

13.1		GROUP			COUNCIL		
		2010 £000	2009 £000	2008 £000	2010 £000	2009 £000	2008 £000
	Listed Stocks and Securities						
	Cost balance at 1 April	650	510	495	-	-	-
	Adjustment of balance at 1 April	-	140	-	-	-	-
	Additions including reinvested profits	-	-	15	-	-	-
					-	-	-
	Cost balance at 31 March	650	650	510	-	-	-
	Revaluation at 1 April	-	102	179	-	-	-
	Revaluation movement	-	(102)	(77)	-	-	-
	Revaluation at 31 March	-	-	102	-	-	-
	Market value at 1 April	440	611	673	-	-	-
	Revaluation movement	-	(102)	(77)	-	-	-
	Write up to market value	159	-	-	-	-	-
	Adjustment of balance at 1 April	-	140	-	-	-	-
	Additions including reinvested profits	-	-	15	-	-	-
	Impairments	-	(209)	-	-	-	-
	Market value at 31 March	599	440	611	-	-	-

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

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

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14 TRADE AND OTHER RECEIVABLES

	GROUP			COUNCIL		
	2010 £000	2009 £000	2008 £000	2010 £000	2009 £000	2008 £000
Trade receivables	1,238	850	1,743	1,221	773	1,293
Other receivables	1,168	656	939	1,167	642	941
Staff loans	59	48	50	59	48	50
The Sports Council Trust Company	-	-	-	66	513	-
Prepayments and accrued income	1,082	2,080	2,364	469	997	1,347
Balances with other central government bodies:						
The English Sports Council	2,489	153	2,301	2,489	153	2,301
National Lottery Distribution Fund						
All amounts fall due within one year	6,036	3,787	7,397	5,471	3,126	5,932
Included in receivables are the following Intra-government balances:						
Other central government bodies	2,765	563	2,568	2,831	1,076	2,568
Local authorities	44	273	74	173	273	74
NHS bodies	-	10	-	-	10	-
Bodies external to government	3,227	2,941	4,755	2,467	1,767	3,290
	6,036	3,787	7,397	5,471	3,126	5,932

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15 TRADE AND OTHER PAYABLES

	GROUP			COUNCIL		
	2010 £000	2009 £000	2008 £000 Restated	2010 £000	2009 £000	2008 £000 Restated
Trade payables	49	321	2,815	39	242	1,700
Corporation tax	5	82	154	5	81	154
Other taxation and social security	-	313	3	-	313	3
Accruals & deferred Income	4,331	9,291	6,304	3,892	8,988	6,217
Other payables	358	7	8	358	7	4
The Sports Council Trust Company	-	-	-	-	-	100
Caversham Lakes Trust Limited	-	-	-	1	2	-
Balances with other central government bodies:						
The English Sports Council NLDF	73	377	217	-	-	-
All amounts falling due within one year	4,816	10,391	9,501	4,295	9,633	8,178
Included in payables are the following Intra-government balances:						
Other central government bodies	2	126	187	2	126	187
Local authorities	1	-	8	1	-	8
Bodies external to government	4,813	10,265	9,306	4,292	9,507	7,983
	4,816	10,391	9,501	4,295	9,633	8,178

Figures for 2008 and 2009 have been restated in-line with International Financial Reporting Standards.

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16 GENERAL RESERVE

	GROUP			COUNCIL		
	2010 £000	2009 £000	2008 £000	2010 £000	2009 £000	2008 £000
At 1 April	38,798	41,084	38,397	(176)	4,340	1,169
Net Expenditure for year	(136,986)	(132,059)	(111,489)	(133,378)	(129,495)	(108,958)
Core Grant-in-Aid received towards resource expenditure	80,922	77,163	75,799	80,922	77,163	75,799
Capital Grant-in-Aid received towards capital expenditure	53,500	53,000	37,497	53,500	53,000	37,497
Assets gifted to Caversham Lakes Trust Limited	-	-	-	-	(404)	(42)
Assets gifted to The Sports Council Trust Company	-	-	-	(3,527)	(4,780)	(1,125)
Other movements in subsidiary reserves	2,084	(390)	880	-	-	-
	38,318	38,798	41,084	(2,659)	(176)	4,340
Revenue Funds:						
Reg Ranger Memorial Fund	-	3	3	-	-	-
National Anglers Council	6	6	6	-	-	-
Donald Scummell Fund	-	5	5	-	-	-
Bisham Abbey Appeal Fund	-	3	3	-	-	-
Greater Manchester Fund	35	35	35	35	35	35
TOTAL GENERAL RESERVE	38,359	38,850	41,136	(2,624)	(141)	4,375

Figures for 2008 and 2009 have been restated in-line with International Financial Reporting Standards.

17 PENSION RESERVE

	GROUP			COUNCIL		
	2010 £000	2009 £000	2008 £000	2010 £000	2009 £000	2008 £000
Balance at 1 April	(11,808)	(10,148)	(14,199)	(11,808)	(10,148)	(14,199)
Movements in the Year	(7,500)	(1,660)	4,051	(7,500)	(1,660)	4,051
TOTAL PENSION RESERVE	(19,308)	(11,808)	(10,148)	(19,308)	(11,808)	(10,148)

Figures for 2009 have been restated in-line with International Financial Reporting Standards.

18 PENSION LIABILITY

18.1 London Pension Fund Authority Scheme

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

The pension scheme (460 English Sports Council) is of the defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions for members of the Scheme amounted to £624,505 in 2010 (2009: £888,774). The Council made additional payments of £2,610,403 (2009: £2,516,195) to reduce the liability of the pension schemes. The Council is also a member of a second closed multi-employer pension scheme. This scheme (440 Sports council) was closed after an earlier restructure of The Sports Council in 1997. The Council has included the whole of the amounts brought to account in relation to this closed scheme in its accounts; no amount has been apportioned to Sport England Lottery.

IAS19 Calculation

The Scheme report apportions the assets and liabilities from the closed legacy multi-employer 440 scheme into the employer's 460 scheme.

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

Following the advice of the consulting actuaries to the LPFA The English Sports Council's employer contribution (as a percentage of pensionable payroll) 15% (2009: 15%). The rate of contribution for employees is dependant on salary range. This is detailed as follows:

Employee Contribution rates for 2010 and 2009 are set out below:

2010 Salary Range	2009 Salary Range	Contribution Rate
Less than £12,600	Less than £12,000	5.5%
£12,601-£14,700	£12,000.01-£14,000	5.8%
£14,701-£18,900	£14,000.01-£18,000	5.9%
£18,901-£31,500	£18,000.01-£30,000	6.5%
£31,501-£42,000	£30,000.01-£40,000	6.8%
£42,001-£78,700	£40,000.01-£75,000	7.2%
More than £78,700	More than £75,000	7.5%

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. International Accounting Standard 19 "Employee Benefits" requires the disclosure of the following additional information in respect of the council superannuation scheme.

The independent actuary's valuation at 31 March 2010 for the purposes of IAS19 estimates a net pension liability of £52,187,000 (2009: £30,576,000).

The IAS19 valuation is for Sport England as a whole, the actuaries have not made separate valuations for the Sport England Exchequer liabilities or for Sport England Lottery liabilities. The apportionment of the liability between Exchequer and Lottery is based on the cumulative contribution rates from both funding streams. This apportionment calculation of the net pension liability as at 31 March 2010 gives a liability

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for Exchequer of £22,205,000 (2009: £13,467,000). Therefore, the liability carried in these accounts as at 31 March 2010 is £22,205,000 (2009: £13,467,000)

Employer Membership Statistics

Number of people as at 28 February	2010	2009	2008
Actives	94	142	179
Deferred Pensioners	411	393	367
Pensioners	148	128	128
Total	653	663	674

Statement of Financial Position Disclosure as at 31 March 2010

Year Ended 31 March	2010 £000	2009 £000	2008 £000
Present Value of Funded Liabilities	(104,596)	(68,605)	(71,380)
Fair Value of Employer Assets	57,949	44,386	54,536
Present Value of Unfunded Liabilities	(5,540)	(6,357)	(6,715)
Unrecognised Past Service Cost	-	-	-
Net liability in Statement of Financial Position	(52,187)	(30,576)	(23,559)
Amount in the Statement of Financial Position			
Liabilities	52,187	30,576	23,559
Assets	-	-	-
Net Assets (Liability)	(52,187)	(30,576)	(23,559)

Analysis of amounts recognised in the Net Expenditure Account are as follows:

Year Ended 31 March	2010 £000	2009 £000	2008 £000
Current service costs	352	600	1,163
Interest on obligation	5,081	5,368	4,983
Expected return on employer assets	(2,857)	(3,874)	(3,973)
Past service cost	-	344	-
Losses on curtailments and settlements	517	503	-
Total	3,093	2,941	2,173
Actual Return on Plan Assets	13,035	(11,570)	(1,153)

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Changes in the present value of the defined benefit obligation are as follows:

Year Ended 31 March	2010 £000	2009 £000	2008 £000
Opening Defined Benefit Obligation	74,962	78,095	86,746
Service cost	352	600	1,163
Interest cost	5,081	5,368	4,983
Contributions by members	304	415	411
Actuarial losses / (gains)	32,284	(7,885)	(12,693)
Past service costs / (gains)	-	344	-
Losses / (gains) on curtailments and settlements	517	503	-
Estimated unfunded benefits paid	(281)	(274)	(268)
Estimated benefits paid	(3,083)	(2,204)	(2,247)
Closing Defined Benefit Obligation	110,136	74,962	78,095

Changes in the fair value of the plan assets are as follows:

Year Ended 31 March	2010 £000	2009 £000	2008 £000
Opening Fair Value of Employer Assets	44,386	54,536	54,378
Expected return on assets	2,857	3,874	3,973
Contributions by members	304	415	411
Contributions by the employer	3,589	3,419	3,148
Contributions in respect of unfunded benefits	Inc above	274	268
Actuarial gains /(losses)	10,177	(15,654)	(5,127)
Assets Distributed on Settlements	-	-	-
Assets Acquired in a Business Combination	-	-	-
Exchange Differences	-	-	-
Estimated unfunded benefits paid	(281)	(274)	(268)
Estimated benefits paid	(3,083)	(2,204)	(2,247)
Closing Fair Value of Employer Assets	57,949	44,386	54,536

The major categories of plan assets as a percentage of total plan assets are as follows:

Year Ended 31 March	2010	2009	2008
Assets			
Equities	70%	57%	60%
Target return funds	10%	10%	19%
Alternative assets	14%	25%	18%
Cash	5%	8%	3%
Corporate bonds	1%	-	-

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Principal actuarial assumptions at the financial year end date (expressed as weighted averages):

Assumptions as at 31 March	2010 % per annum	2009 % per annum	2008 % per annum
Price increases	3.9%	3.1%	3.6%
Salary increases	5.4%	4.6%	5.1%
Pension increases	3.9%	3.1%	3.6%
Expected Return in assets	6.8%	6.4%	7.0%
Discount rate	5.5%	6.9%	6.9%

Amounts for the current and previous two periods are as follows:

Year Ended 31 March	2010 £'000	2009 £'000	2008 £'000
Fair value of employer assets	57,949	44,386	54,536
Present value of defined benefit obligation	(110,136)	(74,962)	(78,095)
(Deficit)	(52,187)	(30,576)	(23,559)
Experience gains / (losses) on assets	10,177	(15,654)	(5,127)
Experience gains / (losses) on liabilities	2,282	175	159

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. Unlike the actuarial method of Pension Fund Valuation, IAS19 disclosures do not take account of employees' and employers' future contributions.

18.2 Scottish Equitable, Group Stakeholder Pension Scheme

From 1 October 2005 Sport England operates a Group Stakeholder Pension Scheme (GSPS) with AEGON Scottish Equitable which includes death in service life assurance cover of two times your annual salary for all members of the scheme. Colleagues choose the level of contribution into the personal Stakeholder Pension fund and this is matched by a Sport England contribution using the following formulae:

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

Employer contributions for staff members of this scheme for the year ended 31 March 2010 were £615,245 (2009: £292,301)

There were no amounts outstanding or pre-paid at 31 March 2010 (2009: £ nil)

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19 PROVISIONS

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

	GROUP			COUNCIL		
	2010 £000	2009 £000	2008 £000	2010 £000	2009 £000	2008 £000
Balance at 1 April	69	2,068	2,068	69	2,068	2,068
(Released) during the year	(69)	(2,068)	-	(69)	(2,068)	-
Additions in year	-	69	-	-	69	-
Balance at 31 March	-	69	2,068	-	69	2,068

20 CONTINGENT LIABILITIES

Contribution towards Property, Plant and Equipment

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

Lease Commitments

The charitable subsidiary The Sports Council Trust Company owns the head lease for premises at various locations across England. Common to the leases is the requirement to hand-back the premises at the end of the lease period in a good condition. In substance, this may obligate the Charity to incur future expenditure on returning the premises to their pre-occupation condition. Currently, no provision has been made in the accounts for these costs due to the uncertainty in the timing and value of the expenditure. A full provision will be made in the year in which it is decided not to renew the lease.

21 CAPITAL COMMITMENTS

The Group had contractual commitments for capital works amounting to £52,000 as at 31 March 2010 (2009: £1,295,000). This amount has not been provided for in these financial statements.

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22 GRANT COMMITMENTS

	GROUP			COUNCIL		
	2010 £000	2009 £000	2008 £000	2010 £000	2008 £000	2008 £000
Grants Outstanding	(5,677)	(17,753)	(50,344)	(5,677)	(17,753)	(50,344)
Deferred Grants	750	13,323	41,444	750	13,323	41,444
Accrued Grants	-	(82)	(2,114)	-	(82)	(2,114)
Net Grant outstanding as per Statement of Financial Position	(4,927)	(4,512)	(11,014)	(4,927)	(4,512)	(11,014)

On the undertaking that funds are to be provided by DCMS, Sport England has entered into commitments to pay grants amounting to £77,052,000 for 2010/11 (2009/10: £63,369). These commitments at 31 March 2010 have not yet been recognised in the Net Expenditure Account or the Statement of Financial Position.

23 NATIONAL CENTRES RESERVE

	GROUP			COUNCIL		
	2010 £000	2009 £000	2008 £000	2010 £000	2009 £000	2008 £000
Balance at 1 April	34	34	48	34	34	48
Transfer from Reserve	-	-	(14)	-	-	(14)
Balance at 31 March	34	34	34	34	34	34

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

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24 REVALUATION RESERVES

		GROUP		
		2010	2009	2008
		£000	£000	£000
24.1	Land and Buildings			
	Balance at 1 April	26,046	28,714	22,762
	Surplus/(deficit) owing to revaluation of properties	(14,502)	(1,777)	7,582
	Revaluation adjustment	(9)	(201)	(1,060)
	Amortisation of revaluation reserve to income and expenditure account	(511)	(690)	(570)
	Loss on property, plant and equipment revaluation	1,145	-	-
	Balance at 31 March	12,169	26,046	28,714
24.2	Financial Assets			
	Balance at 1 April	-	102	179
	Surplus/(Deficit) arising on revaluation of financial assets	-	(102)	(77)
	Balance at 31 March	-	-	102
	Total Balance at 31 March	12,169	26,046	28,816

25 DEFERRED GRANT RESERVE

		GROUP		
		2010	2009	2008
		£000	£000	£000
	Balance at 1 April	38,379	39,368	40,344
	Grant (repaid)/ received	690	728	660
	Grant released to revenue reserve	(1,570)	(1,430)	(1,636)
	Charity assets revaluation and depreciation	(557)	(288)	-
	Balance at 31 March	36,942	38,379	39,368

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

	GROUP		COUNCIL	
	2010 £000	2009 £000	2010 £000	2009 £000
Cash (outflow)/inflow in the year	(8,732)	(3,659)	(8,559)	(3,812)
Investments	-	-	-	-
Movement in net debt	(8,732)	(3,659)	(8,559)	(3,812)
Opening net funds 1 April	12,551	16,210	12,195	16,007
Closing net funds at 31 March	3,819	12,551	3,636	12,195

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27 RECONCILIATION OF GROUP NET OPERATING EXPENDITURE TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	GROUP		COUNCIL	
	2010 £000	2009 £000	2010 £000	2009 £000
Net Operating Expenditure	(138,094)	(133,858)	(132,802)	(129,551)
Depreciation of property, plant and equipment	3,232	3,684	281	370
Notional interest on capital employed	1,022	1,410	(592)	(304)
Disposal of property, plant and equipment	42	-	-	-
Finance charge	1,238	1,215	1,238	1,215
Impairments	-	8	-	-
Loss on revaluation	1,641	-	-	-
Decrease/(increase) in receivables	(2,250)	3,610	(2,346)	2,797
Decrease in prepaid grants	95	2,484	95	2,484
Decrease in loans	-	900	-	900
Increase/(decrease) in grants outstanding	415	(6,502)	415	(6,502)
(Decrease)/increase in payables	(5,575)	890	(5,338)	1,464
(Decrease) in provisions	(69)	(1,999)	(69)	(1,999)
(Decrease) in deferred grants received/released	(880)	(702)	-	-
(Decrease)/increase in other reserves	(41)	18	-	-
Repayment of restricted fund	(5)	-	-	-
Taxation	50	(124)	(3)	(138)
Net cash (outflow) from operating activities	(139,179)	(128,966)	(139,121)	(129,264)

Figures for 2009 have been restated in-line with International Financial Reporting Standards.

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28 RELATED PARTY TRANSACTIONS

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

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

	Awards 2010 £	Supplier Transactions £	Balances Remaining £
Richard Lewis (Chairman) All England Club Rugby Football League (Employment)	24,595,756	2,054 -	- 19,532,486
Mike Farrar (Board Member) NHS North West (Chief Executive)	-	956	-
Phil Lemanski (Board Member) Deloitte & Touche (Partner-retired)	-	59,363	-
James Stewart (Board Member) Partnerships for Schools (Board Member)	80,000	-	-
Jennie Price (Chief Executive Officer) British Fencing Association (Family Member) The Leisure Database Company (Family Member)	603,992 -	- 687,435	450,867 -
Judith Dean (Executive Director Communities) Lyme Regis Sea School (Membership)	9,375	-	-
Rona Chester (Chief Operating Officer) Lawn Tennis Association (Member) England Squash (Member) English Women's Golf Union (Member)	7,986,714 9,173,051 9,567,491	- - -	2,852,860 7,045,472 7,573,087
Lisa O'Keefe (Director of National Sport – joint) British Mountaineering Council (Member) Rugby Football Union for Women (Membership)	1,203,866 2,875	21,754 -	897,434 195,887
Phil Smith (Director of National Sport – joint) Football Foundation (Management Board)	40,249,200	-	15,300,000
Joanna Robinson (Director of Regional Sport) Commonwealth Games Council for England (seconded from Sport England)	663,931	-	194,688
Alison Selfe (Strategic Lead Grants Management) Chelsea FC (Member) London Borough of Havering (Family Member)	53,100 -	- -	- 117,500
James Buller (Head of Shared Service Centre) PMP Consultancy (Employment) Sport Structures (Employment)	- -	381,734 -	- 125,000

29 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The English Sports Council relies mainly on Parliamentary voted 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.

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

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

The English Sports Council Group does hold, in one of its subsidiary companies, a financial instrument. These relate to financial instruments listed in the United Kingdom. The return from investments is not material and therefore The English Sports Council is not exposed to significant market risk. The subsidiary company board regularly undertakes reviews to mitigate the risks of the performance of this instrument.

30 POST FINANCIAL YEAR END EVENTS

On 24 May 2010 the Secretary of State for Culture, Olympics, Media and Sport asked all of its sponsored bodies to find savings of 3% from their agreed 2010/11 funding award. The English Sports Council was asked to deliver savings of £4.25m. It is our intention to deliver the majority of the savings by preserving frontline services.

The Annual Report and Accounts was authorised for issue on 22 July 2010.

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, Olympics, 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 accounts The Council is required to:

- Observe the accounts direction issued by the Secretary of State for Culture, Olympics, 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 the HM Treasury and in the Financial Directions issued by the Secretary of State for Culture, Olympics, 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 Sports Council's auditors are aware of that information.

Jennie Price
Chief Executive and Accounting Officer
of The English Sports Council
12 July 2010

Richard Lewis
Chair of The English Sports
Council
12 July 2010

Statement on internal control

Scope of responsibility

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

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

Sport England is a Non-Departmental Public Body sponsored by DCMS. Regular meetings are held between members of my Executive team and other key staff with our sponsor department. On a quarterly basis formal meetings are held when the strategic risk register, quarterly performance report and management accounts are provided to DCMS following board approval. A senior DCMS official also attends Main Board meetings as an observer. Both I, and the Chair, meet with Ministers during the year to discuss issues that relate to delivery of Sport England's strategy.

The purpose of the system of internal control

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

The system of internal control has been in place in Sport England for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to handle risk

As Accounting Officer I am personally responsible for ensuring Sport England has an effective risk management process. We have a documented risk management strategy that follows HM Treasury's Orange Book guidance on risk management and outlines the key principles underpinning our approach to the management of risk. Each strategic and significant operational risk is managed by a member of the Executive team. The Strategic Risk Register is presented to Audit, Risk and Governance Committee meetings and to the Sport England Main Board.

Staff are equipped to manage risks in a number of ways including through:

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- Risk/control mechanisms and related training, which was a particular feature of the Sport Directorate's activities in 2009/10
- Formal identification and assessment of risks for each award assessed by grants management staff within the Finance and Corporate Service Directorate as part of the awards' assessment process
- Inclusion of risk identification and assessment sections in papers presented to Project Committee which approves all awards between £500k and £2m.

Work to further embed risk management at all levels of the organisation will take place during 2010/11.

The risk and control framework

The Executive team regularly identified and evaluated key risks to the delivery of Sport England's strategic plan regularly. Strategic risks, together with existing controls and planned actions to manage risks, are recorded in the strategic risk register. A cyclical approach to review of the register by the Executive team, the Audit, Risk & Governance Committee and then by the Board is now in place. The Audit, Risk & Governance Committee and the Board independently scrutinise risks, risk assessments and controls and actively challenge management to deliver planned actions to mitigate key risks identified. Where Members consider that specific key risks require more immediate action to reduce the residual risk assessment through more immediate implementation of planned actions, this is communicated to management and appropriate action taken with reporting of outcomes to the next Committee meeting.

The key risks the organisation manages relate to:

- Delivery of our 09-13 investment including NGBs' delivery of agreed outcomes and their contribution to Sport England's grow, sustain and excel targets and
- Ensuring that grant funding provides value-for-money.

Risk appetite is determined and monitored using inherent and residual risk assessment figures, with risks ranked on a score of 1 to 5 for both impact and likelihood producing a combined risk score of between 1 and 25. The Board reviews key risks and related planned actions for all risks assessed as 16 or over.

Where risks are identified through the self-assurance and on-site audit process for NGBs and National Partners, immediate steps are taken to address those organisations with inappropriate governance procedures through formal letters setting out actions to be taken. Payments can be suspended where appropriate, and in some cases have been changed to monthly or quarterly payments to reduce the risk to Sport England. Ongoing development of the measurement and understanding process, including further developments in the scrutiny of 2009-13 compliance, is planned for year 2010/11.

Information risk is included as a specific risk in the strategic risk register. An Information Governance Project with full scope, deliverables and benefits was established in December 2009, and the initial task of a full data survey is underway. A Senior Information Risk Owner was appointed during the year from the Executive team. Policies have been put in place with regards to publication of information and data protection and organisational structures have been developed with regards to the oversight of information management. The Executive Team have also been fully briefed on management responsibilities. Internal audit also independently reviewed information governance and risks.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit, Risk and Governance Committee, and a plan to ensure continuous improvement of the system is in place. My review has been informed by advice from the following sources:

- The Main Board – All Board members are appointed by the Secretary of State for Culture, Olympics, Media and Sport. The Board met 5 times this year to consider Sport England’s strategy and performance and to assess investment decisions.
- The Audit, Risk and Governance Committee – This comprises two Board members, one of whom is Chair, and two additional non-executive members who have been selected for their expertise in this field. The Committee met five times this year with both Internal and External Auditors present, to receive and respond to reports, to consider and advise me on the appropriateness of our corporate governance, risk management and internal control arrangements and to review the external financial statements prior to submission to the Main Board.
- The Project Committee – This comprises two Main Board members and an additional non-executive member. It is chaired by a member of the Main Board. It is responsible for making funding decisions on awards of up to £2m.
- The Finance Committee – This comprises two Main Board members. The Committee has been set up to assist the Board’s levels of understanding and confidence in the financial information presented and to ensure that strong support and challenge is provided to the Executive Finance function. The Committee meets three weeks before Board meetings and presents written reports to the Board.

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- The Executive Group – I meet regularly with my Executive Group to manage operational and strategic issues, risks, plans and objectives. Each of my Executive Directors was required to provide me with an assurance that proper and reasonable internal controls operated effectively and that proper standards of conduct had been maintained during 2009/10.
- Senior Information Risk Owner – The SIRO provides written advice to me to support the content of this statement in regard to information risk.
- Internal Audit – The Head of Internal Audit, supported by an outsourced IA team, provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of Sport England’s framework of governance, risk management and control in line with HM Treasury requirements. Internal Audits are carried out throughout the financial year in accordance with a programme agreed by the Audit, Risk and Governance Committee.
- External Audit – The external auditors provide comments on internal control in their management letters and other reports.

My review of effectiveness has also been informed by a number of independent reviews and activities during 2009/10. These included:

- Independently assessed self-assurance returns from all NGBs and funded partners in receipt of 09-13 funding as well as on-site audits for a sample of bodies funded through the 09-13 programme;
- The Report of the Inquiry into the World Class Payments Bureau (the Dutton Report);
- A value-for-money study by the NAO entitled ‘Increasing Participation in Sport’ carried out during 2009/10 and published on 27 May 2010. The report concluded that the new strategy, funding process for individual sports, and performance management arrangements between the Department and Sport England and between Sport England and its funded bodies are a marked improvement on what went before. However, the report also highlighted areas of risk to the delivery of the participation target and challenges in securing £50 million from commercial investment. Recommendations were also made to agree milestones and baselines with DCMS and to maximise the effectiveness of delivery through partnerships:
- An OGC Gateway review of the procurement of the management contract for the national sports centres. This identified a number of areas for improvement in the procurement selection criteria and project governance. These have been incorporated into the procurement process.
- A due diligence review by Deloitte to provide information to assist Sport England to make a judgement as to Facebook’s appropriateness as a business partner for Sport England. Based on these findings, no issues or

risks were raised which would cause concern over entering into a partnership with Facebook.

- A formal review by DCMS of the Active People Survey which endorsed its methodology.

Significant Internal Control Issues

Governance

In relation to information governance, significant risks were highlighted as part of the Dutton Report in December 2009. A project plan and accompanying resource has since been put in place, and regular progress reports delivered to the Sport England Main Board and Audit, Risk & Governance Committee. I am now satisfied that adequate controls have been put in place to mitigate risk in this area and that processes are being implemented to achieve full compliance with the Cabinet Office mandatory measures to protect information where they are applicable to Sport England's operations.

Control

Prior Year Investigation

During the year an independent investigation was conducted by Timothy Dutton QC into the creation and operation of arrangements known as the World Class Payments Bureau and a report published in December 2009 (the Dutton report).

The Dutton report concluded that the World Class Payments Bureau (WCPB) had not been used as a vehicle for fraud by staff at Sport England, but that there had been serious weaknesses in the governance and control environment, and that it was doubtful that Sport England obtained value for money for the 'investments' made into some of the National Governing Bodies which were handled by the WCPB. In some particular circumstances the advancing of monies to certain organisations should have come to a close very much sooner than it did because value for money was not being achieved.

The report also found that since 2007 a much improved control environment had been created, and the system now in place for funding National Governing Bodies was significantly better.

I have commented below on the three major aspects of the report: value for money; historic governance and control issues and recommendations which relate to current practice.

In relation to value for money, I have reviewed the payments identified in the Dutton Report which should properly be treated as losses in accordance with Managing Public Money. The total losses identified fall below the £250,000 disclosure level set out in Managing Public Money.

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I have noted the finding in the Report that it is doubtful that some payments made to governing bodies will have delivered value for money, and avoiding a recurrence of this has been and will continue to be a guiding principle in the funding arrangements for NGBs now adopted by Sport England.

The historic weaknesses in the governance and control environment related to matters such as the approach to the approval of new areas of business, staff inductions, the approach to reporting to the Audit Committee and Board, the opening of new bank accounts, the separation of audit from the management of the business and the arrangements for electronic transfers. Although the Dutton report clearly stated that these were not a comment on current practice at Sport England, the Audit Risk and Governance Committee has now reviewed each of these matters in order to satisfy itself that they could not recur, and a number of further improvements and clarifications have been made in governance and control as a result.

The recommendations of the Report on current practice related to: the governance of National Governing Bodies, which is being considered and addressed in discussions with UK Sport and DCMS as the Report recommends; the avoidance of heavy use of temporary staff, which has been addressed; the appointment of individuals to Committees, which has been addressed; an improved system of document management and archiving, which is part of the work on improving Information Governance described above.

Jennie Price
Chief Executive and Accounting Officer
of The English Sports Council
12 July 2010

Richard Lewis
Chair of The English Sports
Council
12 July 2010

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 2010 under the National Lottery Act 1993 (as amended). These comprise the Income and Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of 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 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, as Accounting Officer, 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 the financial statements in accordance with applicable law and 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 am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

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 2010 and of its net expenditure, changes in equity and cash flows for the year then ended; and

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- the financial statements have been properly prepared in accordance with the National Lottery Act 1993 (as amended) and directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Lottery Act 1993 (as amended) and directions issued thereunder; and
- the information given in the Our Corporate Structure and Financial Report sections of the Annual 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
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

My report on these financial statements is at pages 54 and 55.

*Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Date 16 July 2010*

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND
Financial Statements for the year ended 31 March 2010

INCOME AND EXPENDITURE ACCOUNT

	Note	2010 £000	2009 £000
<u>EXPENDITURE</u>			
Grant commitments made in the year	5	260,446	99,941
Grant de-commitments occurring in year	5	(1,796)	(546)
Staff costs	6	8,024	10,743
Sport development costs	7	3,829	2,570
Other operating costs	8	6,369	8,097
		276,872	120,805
<u>INCOME</u>			
Share of proceeds from the National Lottery	3	126,084	122,356
Investment returns from the National Lottery	3	850	6,467
Bank interest receivable		8	142
Grant recoveries	4	1,456	586
		128,398	129,551
<u>NET (EXPENDITURE)/INCOME BEFORE TAXATION</u>		(148,474)	8,746
Taxation		(2)	(40)
<u>NET (EXPENDITURE)/INCOME FOR THE YEAR</u>		(148,476)	8,706

All Income and Expenditure relates to continuing activities.

Figures for 2009 have been re-stated in line with International Financial Reporting Standards. The prior year Operating Costs note has been restated into Sports Development costs note and Other Operating costs note.

The notes on pages 105 to 122 form part of these financial statements.

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND
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STATEMENT OF FINANCIAL POSITION

	Note	2010 £000	2009 £000	2008 £000 Restated
<u>CURRENT ASSETS</u>				
Financial assets	3	187,077	181,143	201,956
Trade and other receivables	10	320	512	160
Cash and cash equivalents		440	2,494	1,334
		187,837	184,149	203,450
Trade and other receivables over one year	10	574	-	-
<u>CURRENT LIABILITIES</u>				
Trade and other payables	11	2,664	153	2,301
Hard grant commitments	13	114,777	61,020	89,638
		117,441	61,173	91,939
<u>NET CURRENT ASSETS</u>				
		70,970	122,976	111,511
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>				
		70,970	122,976	111,511
<u>NON-CURRENT LIABILITIES</u>				
Pension liabilities	12	29,982	17,109	12,967
Hard grant commitments	13	155,464	60,849	59,816
		185,446	77,958	72,783
<u>ASSETS LESS LIABILITIES</u>				
		(114,476)	45,018	38,728
<u>EQUITY</u>				
General reserve	15	(89,299)	59,177	50,471
Pension reserve	15	(25,177)	(14,159)	(11,743)
<u>TOTAL EQUITY</u>				
		(114,476)	45,018	38,728

Figures for 2008 and 2009 have been re-stated in line with International Financial Reporting Standards

The notes on pages 105 to 122 form part of these financial statements

Jennie Price
 Chief Executive and Accounting
 Officer of The English Sports Council
 12 July 2010

Richard Lewis
 Chair of The English Sports
 Council
 12 July 2010

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND
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STATEMENT OF CASH FLOWS

	Note	2010 £000	2009 £000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash drawn down from NLDF	3	121,000	149,636
Other income		1,073	234
Awards payments		(110,278)	(126,980)
Staff costs	6	(8,024)	(10,743)
Sports development costs	7	(3,829)	(2,570)
Other operating costs		(2,002)	(8,519)
Corporation tax paid		(2)	(40)
Net cash (outflow)/inflow from operating activities	16	(2,062)	1,018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received		8	142
Net Cash (outflow)/ inflow	18	(2,054)	1,160

Figures for 2009 have been re-stated in line with International Financial Reporting Standards.

STATEMENT OF CHANGES IN EQUITY

	Note	Pension Reserve £000	General Reserve £000	Total £000
Balance at 31 March 2008		(11,743)	50,633	38,890
Effects of changes under International Financial Reporting Standards		-	(162)	(162)
Balance at 1 April 2008		(11,743)	50,471	38,728
Changes in equity for 2009				
Net income for the year		-	8,706	8,706
Movements in Pension reserve	15	(2,416)	-	(2,416)
Total recognised Income and expense for 2008-09		(2,416)	8,706	6,290
Balance at 31 March 2009		(14,159)	59,177	45,018
Changes in equity for 2010				
Net (expenditure) for the year		-	(148,476)	(148,476)
Movements in Pension reserve	15	(11,018)	-	(11,018)
Total recognised Income and expense for 2009-10		(11,018)	(148,476)	(159,494)
Balance at 31 March 2010		(25,177)	(89,299)	(114,476)

The notes on pages 105 to 122 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the National Lottery etc. Act 1993 (as amended) and directions issued thereunder by the Secretary of State for Culture, Olympics, Media and Sport with the consent of HM Treasury and the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) 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 most appropriate for the particular circumstances of The English Sports Council National Lottery Distribution Fund for the purpose of giving a true and fair view has been selected. The particular policies adopted by The English Sports Council National Lottery Distribution Fund are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

IFRS 1 – First Time Adoption

The English Sports Council National Lottery Distribution Fund's date of transition is 1 April 2008. IFRS 1 First-time adoption of International Financial Reporting Standards allows entities adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the year of transition (i.e. 2008-09). The English Sports Council National Lottery Distribution Fund elected not to take any exemptions.

There are no standards and interpretations in issue but not yet adopted that The English Sports Council National Lottery Distribution Fund anticipate will have a material effect on the reported income and expenditure or net assets of The English Sports Council National Lottery Distribution Fund.

1.1 ACCOUNTING CONVENTION

The Accounts have been prepared on a going concern basis under the historical cost convention. Without limiting the information given, the accounts meet the requirements of the Companies Act 2006, the Accounting Standards issued or adopted by the Accounting Standards Board, the HM Treasury guidance on the accounts of Non-Departmental Public Bodies and the National Lottery etc. Act 1993 (as amended) insofar as those requirements are appropriate to the Sport England National Lottery Distribution Fund.

The Accounts have been prepared under the accruals basis and all income and expenditure on operating costs are taken into account in the financial period to which it relates. Awards are accounted for on a commitments basis (see 1.2 below).

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND
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In compliance with section 35 of the National Lottery etc. Act 1993 the accounts cover the year to 31 March 2010. Comparative figures are shown for the year ended 31 March 2009. For some disclosures International Financial Reporting Standards require comparative disclosures for the year ended 31 March 2008.

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

1.2 HARD AND SOFT COMMITMENTS

As required by the Secretary of State for Culture, Olympics, Media and Sport, commitments are defined as hard and soft as follows:

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

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

1.3 RECEIPTS FROM THE NATIONAL LOTTERY DISTRIBUTION FUND

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

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

1.4 OVERHEADS

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

1.5 PENSIONS

The pension liabilities and assets of the defined benefit scheme are recorded in line with IAS19, with a valuation undertaken by an independent actuary. IAS19 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 scheme assets and liabilities. The value of benefits accrued is used to determine the pension charge in the Income and Expenditure Account and the interest on scheme assets and liabilities is shown in the Income and Expenditure Account.

The change in the value of the assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members, is recognised in the Statement of Changes in Equity. The resulting pension liability or asset is shown on the Statement of Financial Position.

The apportionment of the resulting pension liability or asset between Grant-in-Aid and National Lottery Distribution Fund activities is based on a historical apportionment of cost based on the time recording system which splits the time spent by staff between Grant-in-Aid and National Lottery Distribution Fund activities.

1.6 FINANCIAL ASSETS

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Olympics, Media and Sport. However, the share of these balances attributable to the Sport England Lottery Fund is shown in the accounts and, at 31 March 2010, has been certified by the Secretary of State for Culture, Olympics, Media and Sport as being available for distribution by the Sport England Lottery Fund in respect of current and future commitments.

1.7 TAXATION

The English Sports Council National Lottery Distribution Fund is registered for VAT as part of The English Sports Council's VAT registration. The English Sports Council National Lottery Distribution Fund does not undertake any business activities for VAT purposes therefore no VAT is recoverable on any VAT it incurs on its operating expenditure.

Corporation tax is payable on bank interest received. Investment income generated on balances held and invested by the National Lottery Distribution Fund on The English Sport Council's behalf are not taxable.

1.8 STAFF COSTS

Under IAS19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from leave records.

1.9 SPORTS DEVELOPMENT COSTS

Sports Development costs include expenditure incurred by The English Sports Council and The English Sports Council National Lottery Distribution Fund that aims to promote the development of sport, thereby creating increased sporting opportunities for the local community. This is largely achieved through a partnership approach and incorporates expenditure in categories such as Project Management, Surveys, Planning and Facilities.

These costs are expensed in the year in which they are incurred.

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2 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Pension Reserve £000	General Reserve £000
Equity at 31 March 2009 under UK Generally Accepted Accounting Practice	(14,159)	59,372
Adjustments for:		
IAS19 Employee Benefits – Accrued untaken paid leave	-	(195)
Equity at 1 April 2009 under International Financial reporting Standards	(14,159)	59,177

	£000
Net income/(expenditure) before taxation for 2009 under UK Generally Accepted Accounting Practice	8,779
Adjustments for:	
Movement in accrued untaken paid leave – 2009	(33)
Net income/(expenditure) before taxation for 2009 under International Financial Reporting Standards	8,746

	£000
Net income/(expenditure) before taxation for 2010 under UK Generally Accepted Accounting Practice	(148,473)
Adjustments for:	
Movement in accrued untaken paid leave – 2010	(1)
Net income/(expenditure) before taxation for 2010 under International Financial Reporting Standards	(148,474)

The value of accrued unpaid leave at 1 April 2008 was £162,000.

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3 FINANCIAL ASSETS - NATIONAL LOTTERY DISTRIBUTION FUND

During the period under review The English Sports Council National Lottery Distribution Fund received and distributed the following sums:

	2010 £000	2009 £000	2008 £000
Balance brought forward	181,143	201,956	195,391
Share of net operator proceeds	152,984	129,081	124,245
Less: Olympic contribution	(26,900)	(6,725)	-
Net operator proceeds	126,084	122,356	124,245
Financial asset returns	1,087	6,247	9,876
Realised gain on sale of investment	153	220	444
Unrealised (loss)	(390)	-	-
Net financial asset returns	850	6,467	10,319
Total net operator proceeds and financial asset returns	308,077	330,779	329,955
Funds drawn down	(121,000)	(149,636)	(127,999)
Balance carried forward	187,077	181,143	201,956

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

In February 2008 a statutory instrument (SI 2008 No. 255 The Payments into the Olympic Lottery Fund Distribution Fund etc. Order 2008) was passed which allowed for the transfer of up to £1,085m from the National Lottery Distribution Fund in order to meet some of the costs of hosting the 2012 games. Sport England is committed to contribute until 2012/13.

4 GRANT RECOVERIES

	2010 £000	2009 £000
Clawback of grant awards	1,456	586
Total grant recoveries	1,456	586

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5 GRANT COMMITMENTS

Grant commitments and grant de-commitments are summarised below.

	2010 £000	2009 £000
Grant commitments made in the year	260,446	99,941
Grant de-commitments occurring in year	(1,796)	(546)
Net Grant Commitments	258,650	99,395

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

	2010 £000	2009 £000
National Governing Bodies	209,110	12,666
Community Investment Fund	15,801	58,506
County Sport Partnerships	643	22,991
Community Capital	(197)	655
Commonwealth Games	664	-
Awards For All	-	6,369
English Institute of Sport	850	705
Football Foundation	25,300	-
Themed Rounds	1,359	-
Small Grants Programme	6,010	-
Space for Sport and Arts	(187)	6
Active England	(110)	(2,274)
Other programmes	(593)	(229)
Net Grant Commitments	258,650	99,395

5.1 The Space for Sport and Arts programme

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

5.2 Active England Programme

The Active England programme is a jointly funded scheme between the Big Lottery Fund (71.76%) and Sport England (28.24%). The total grant funding for the programme was initially intended to be £108.5m but has outturned at £103.9m. These accounts only reflect Sport England's share of the grants awarded under the programme. Income received from The Big Lottery Fund for the Active England Programme is recorded in the accounts of The English Sports Council.

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6 STAFF COSTS

The staffing costs of The English Sports Council National Lottery Distribution Fund during the period under review were as follows:

	2010 £000	2009 £000
Wages and salaries	4,570	6,389
Social security costs	425	519
Other pension costs	2,017	2,676
Agency staff	1,012	1,159
Total Employee Costs	8,024	10,743

Figures for 2009 have been re-stated in line with International Financial Reporting Standards.

The average monthly number of full time equivalent employees is made up as follows:

	2010 Number	2009 Number
Permanent staff	110	123
Fixed term temporary staff	13	13
Agency staff	14	20
Average number	137	156

7 SPORTS DEVELOPMENT COSTS

	2010 £000	2009 £000 Restated
Legal	199	216
Surveys	2,103	993
Research	67	-
Facilities	217	176
Planning	607	538
Project Management	513	457
Equality Standards	8	-
Programme Development	115	190
Total Sport Development Costs	3,829	2,570

The prior year Operating Costs note has been restated into Sports Development costs note and Other Operating costs note.

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8 OTHER OPERATING COSTS

These costs can be summarised as follows:

	2010 £000	2009 £000 Restated
Auditors' Remuneration ¹	55	52
Audit and Governance	144	200
Travel and Subsistence	341	360
Board Expenses	9	50
Staff Training	41	87
Other Staff Costs	144	197
Property and Office Costs	1,134	1,372
Property Costs - Other	589	608
IT Infrastructure and System Costs	523	808
Legal	542	248
Communications	414	483
Project Management	76	6
Programme Development	-	164
Irrecoverable VAT	1,275	2,915
Asset hire charges	155	203
Recharges	(899)	(1,488)
Finance Charges	1,855	1,726
Other costs not specified above	(29)	106
Total Other Operating Costs	6,369	8,097

¹The auditors remuneration includes £4,000 (2009: £2,000) for the audit of work in preparedness for IFRS. No payment was made to the auditors for non-audit work.

8.2 LOSSES AND SPECIAL PAYMENTS

In addition to assessing losses and special payments for 2009-10, a detailed review of the Dutton Report was undertaken to identify payments that would fall within the definition of a loss or special payment as set out in Managing Public Money. The Report states that Tim Dutton QC was satisfied that there was no fraud within Sport England itself and that the World Class Payments Bureau (WCPB) was not intended to be a route for channelling payments unlawfully or improperly. The Report concluded that in some particular circumstances the advancing of monies to certain organisations should have come to a close very much sooner than it did because value for money was not being achieved. The main findings of the Dutton Report are addressed within the Statement on Internal Control on pages 45 to 50.

The period of time which has elapsed since the operation of the WCPB means that it is not an effective use of resources to reinvestigate and reopen the individual grants and transactions about which Tim Dutton QC stated or implied an element of uncertainty in his conclusions. Wherever we have been able to make a reasonable judgement on those areas where the Dutton Report expressed concern, we have done so, and no individual loss or special payment identified during the year ended 31 March 2010 exceeded £250,000 (2009: £nil), and the aggregate did not exceed £250,000 (2009: £nil).

The Report also refers to payments made to certain organisations, such as the governing body of Karate, where better value could have been obtained, and states that funding should have come to an end sooner than it did. During the financial years from 2000/01 to 2006/07 inclusive, £2.2m was paid to Karate. Some of that funding did not deliver value for money; however with the passing of time it is not considered an effective use of resources to continue investigations to establish the precise extent to which this was the case. The steps now being taken to ensure such a situation does not recur are described in the Statement on Internal Control on pages 94 to 99.

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9 CAPITAL COMMITMENTS

There are no capital commitments as at 31 March 2010 (2009: £nil).

10 TRADE AND OTHER RECEIVABLES

	2010 £000	2009 £000	2008 £000
Amounts falling due within one year			
Trade receivables	320	484	117
Amounts due from national partners	-	28	43
	320	512	160
Amounts falling due after more than one year			
Trade receivables	574	-	-
Total Trade and Other Receivables	894	512	160
Included in receivables are the following intra-government balances:			
Other central government bodies	-	28	43
Local authorities	215	-	-
Bodies external to government	679	484	117
	894	512	160

Figures for 2009 and 2008 have been re-stated in line with International Financial Reporting Standards.

11 TRADE AND OTHER PAYABLES

	2010 £000	2009 £000	2008 £000
The English Sports Council – Exchequer	2,489	153	2,301
Amounts due to national partners	175	-	-
	2,664	153	2,301
Included in payables are the following Intra-government balances:			
Other central government bodies	2,489	153	2,301
Bodies external to government	175	-	-
	2,664	153	2,301

Figures for 2009 and 2008 have been re-stated in line with International Financial Reporting Standards.

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12 PENSION LIABILITIES

12.1 London Pension Fund Authority Scheme

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

The pension scheme (460 English Sports Council) is of the defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions for members of the Scheme amounted to £624,505 in 2010 (2009: £888,774). The Council made additional payments of £2,610,403 (2009: £2,516,195) to reduce the liability of the pension schemes. The Council is also a member of a second closed multi-employer pension scheme. This scheme (440 Sports council) was closed after an earlier restructure of The Sports Council in 1997. The Council has included the whole of the amounts brought to account in relation to this closed scheme in its financial statements; no amount has been apportioned to Sport England Lottery.

IAS19 Calculation

The Scheme report apportions the assets and liabilities from the closed legacy multi-employer 440 scheme into the employer's 460 scheme.

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

Following the advice of the consulting actuaries to the LPFA The English Sports Council's employer contribution (as a percentage of pensionable payroll) was 15% (2009: 15%). The rate of contribution for employees is dependant on salary range. This is detailed as follows:

Employee Contribution rates for 2010 and 2009 are set out below:

2010 Salary Range	2009 Salary Range	Contribution Rate
Less than £12,600	Less than £12,000	5.5%
£12,601-£14,700	£12,000.01-£14,000	5.8%
£14,701-£18,900	£14,000.01-£18,000	5.9%
£18,901-£31,500	£18,000.01-£30,000	6.5%
£31,501-£42,000	£30,000.01-£40,000	6.8%
£42,001-£78,700	£40,000.01-£75,000	7.2%
More than £78,700	More than £75,000	7.5%

The estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. International Accounting Standard 19 "Employee Benefits" requires the disclosure of the following additional information in respect of the council superannuation scheme.

The independent actuary's valuation at 31 March 2010 for the purposes of IAS19 estimates a net pension liability of £52,187,000 (2009: £30,576,000).

The IAS19 valuation is for Sport England as a whole, the actuaries have not made separate valuations for the Sport England Exchequer liabilities or for Sport England National Lottery Distribution Fund liabilities. The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies. This apportionment calculation of the net

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pension liability as at 31 March 2010 gives a liability for Lottery of £29,982,000 (2009: £17,109,000).

Employer Membership Statistics

Number of people as at 28 February	2010	2009	2008
Actives	94	142	179
Deferred Pensioners	411	393	367
Pensioners	148	128	128
Total	653	663	674

Statement of Financial Position Disclosure as at 31 March 2010

Year Ended 31 March	2010 £000	2009 £000	2008 £000
Present Value of Funded Liabilities	(104,596)	(68,605)	(71,380)
Fair Value of Employer Assets	57,949	44,386	54,536
Present Value of Unfunded Liabilities	(5,540)	(6,357)	(6,715)
Unrecognised Past Service Cost	-	-	-
Net liability in Statement of Financial Position	(52,187)	(30,576)	(23,559)
Amount in the Statement of Financial Position			
Liabilities	52,187	30,576	23,559
Assets	-	-	-
Net Assets (Liability)	(52,187)	(30,576)	(23,559)

Analysis of amounts recognised in the Net Expenditure Account are as follows:

Year Ended 31 March	2010 £000	2009 £000	2008 £000
Current service costs	352	600	1,163
Interest on obligation	5,081	5,368	4,983
Expected return on employer assets	(2,857)	(3,874)	(3,973)
Past service cost	-	344	-
Losses on curtailments and settlements	517	503	-
Total	3,093	2,941	2,173
Actual Return on Plan Assets	13,035	(11,570)	(1,153)

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Changes in the present value of the defined benefit obligation are as follows:

Year Ended 31 March	2010 £000	2009 £000	2008 £000
Opening Defined Benefit Obligation	74,962	78,095	86,746
Service cost	352	600	1,163
Interest cost	5,081	5,368	4,983
Contributions by members	304	415	411
Actuarial losses / (gains)	32,284	(7,885)	(12,693)
Past service costs / (gains)	-	344	-
Losses / (gains) on curtailments and settlements	517	503	-
Estimated unfunded benefits paid	(281)	(274)	(268)
Estimated benefits paid	(3,083)	(2,204)	(2,247)
Closing Defined Benefit Obligation	110,136	74,962	78,095

Changes in the fair value of the plan assets are as follows:

Year Ended 31 March	2010 £000	2009 £000	2008 £000
Opening Fair Value of Employer Assets	44,386	54,536	54,378
Expected return on assets	2,857	3,874	3,973
Contributions by members	304	415	411
Contributions by the employer	3,589	3,419	3,148
Contributions in respect of unfunded benefits	Inc above	274	268
Actuarial gains /(losses)	10,177	(15,654)	(5,127)
Assets Distributed on Settlements	-	-	-
Assets Acquired in a Business Combination	-	-	-
Exchange Differences	-	-	-
Estimated unfunded benefits paid	(281)	(274)	(268)
Estimated benefits paid	(3,083)	(2,204)	(2,247)
Closing Fair Value of Employer Assets	57,949	44,386	54,536

The major categories of plan assets as a percentage of total plan assets are as follows:

Year Ended 31 March	2010	2009	2008
Assets			
Equities	70%	57%	60%
Target return funds	10%	10%	19%
Alternative assets	14%	25%	18%
Cash	5%	8%	3%
Corporate bonds	1%	-	-

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Principal actuarial assumptions at the financial year end date (expressed as weighted averages):

Assumptions as at 31 March	2010 % per annum	2009 % per annum	2008 % per annum
Price increases	3.9%	3.1%	3.6%
Salary increases	5.4%	4.6%	5.1%
Pension increases	3.9%	3.1%	3.6%
Expected Return in assets	6.8%	6.4%	7.0%
Discount rate	5.5%	6.9%	6.9%

Amounts for the current and previous two periods are as follows:

Year Ended 31 March	2010 £000	2009 £000	2008 £000
Fair value of employer assets	57,949	44,386	54,536
Present value of defined benefit obligation	(110,136)	(74,962)	(78,095)
(Deficit)	(52,187)	(30,576)	(23,559)
Experience gains / (losses) on assets	10,177	(15,654)	(5,127)
Experience gains / (losses) on liabilities	2,282	175	159

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. Unlike the actuarial method of Pension Fund Valuation, IAS19 disclosures do not take account of employees' and employers' future contributions.

12.2 Scottish Equitable, Group Stakeholder Pension Scheme

From 1 October, 2005 Sport England had operated a Group Stakeholder Pension Scheme (GSPS) with AEGON Scottish Equitable which includes death in service life assurance cover of two times annual salary for staff commencing after this date. Colleagues choose the level of contribution into the personal Stakeholder Pension fund and this is matched by a Sport England contribution using the following formulae:

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

Employer contributions for staff members of this scheme for the year ended 31 March 2010 were £615,245 (2009: £292,301)

There were no amounts outstanding or pre-paid at 31 March 2010 (2009: £ nil)

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13 HARD COMMITMENTS

	2010 £000	2009 £000	2008 £000
Hard commitments brought forward	121,869	149,454	144,844
Hard commitments paid	(110,278)	(126,980)	(108,138)
Hard de-commitments	(1,796)	(546)	(3,368)
Hard commitments entered into	260,446	99,941	116,116
Hard commitments carried forward as at 31 March	270,241	121,869	149,454

	2010 £000	2009 £000	2009 £000
Amounts due during 2009 Financial Year	-	-	89,638
Amounts due during 2010 Financial Year	-	61,020	29,908
Amounts due during 2011 Financial Year	114,777	36,848	16,449
Amounts due during 2012 Financial Year	90,651	18,742	13,459
Amounts due during 2013 Financial Year	64,813	5,259	-
Hard commitments carried forward as at 31 March	270,241	121,869	149,454

As explained in the Accounting Policies note hard commitments are charged to the income and expenditure in the accounting period in which the award offer is accepted. A number of these award offers cover up to three and four years of revenue funding and the payment of these awards is not profiled to occur within the next 12 months. The allocation of hard commitments over the financial years is based on management's latest assessment of the likely timing of cash payments. These assumptions are periodically reviewed and updated.

14 SOFT COMMITMENTS

	2010 £000	2009 £000	2008 £000
Soft commitments brought forward	80,789	95,476	117,332
Soft commitments transferred to Hard	(260,446)	(99,941)	(116,116)
Soft commitments entered into	275,377	85,254	94,260
Soft commitments carried forward as at 31 March	95,720	80,789	95,476

Soft commitments are the aggregate of award offers made which have not yet been accepted by the award recipient and award decisions approved by our respective National and Regional Sports Boards where no formal award offer has been sent at 31 March 2010.

The amounts committed to hard and soft commitments exceed the available resources by £210,197,000 (2009 restated - £35,771,000). It has been the policy of Sport England to make forward commitments against future income streams to speed up the out flow of lottery cash, which is in line with DCMS policy.

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15 GENERAL RESERVES

	2010 £000	2009 £000	2008 £000
Surplus brought forward	45,018	38,728	32,822
(Decrease)/increase in lottery funds for the year	(148,476)	8,706	(101)
Movement in pension plan	(11,018)	(2,416)	6,007
Surplus carried forward	(114,476)	45,018	38,728
Analysed as follows:			
General reserve	(89,299)	59,177	50,471
Pension reserve	(25,177)	(14,159)	(11,743)
Surplus/(deficit) carried forward	(114,476)	45,018	38,728

Figures for 2008 and 2009 have been re-stated in line with International Financial Reporting Standards

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

	2010 £000	2009 £000
(Decrease)/ increase in lottery funds before taxation	(148,474)	8,746
(Increase) in trade and other receivables	(382)	(352)
Increase/ (decrease) in trade and other payables	163,756	(25,591)
Interest receivable	(8)	(142)
Corporation tax	(2)	(40)
Movement in pension liabilities	(11,018)	(2,416)
(Increase)/ decrease in NLDF	(5,934)	20,813
Net cash(outflow)/inflow from operating activities	(2,062)	1,018

Figures for 2009 have been re-stated in line with International Financial Reporting Standards.

17 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010 £000	2009 £000
(Decrease)/increase in cash	(2,054)	1,160
Movement in liquid resources – NLDF balance	5,934	(20,813)
Increase/(decrease)/increase in net funds	3,880	(19,653)
Net funds brought forward	183,637	203,290
Net funds carried forward	187,517	183,637

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18 CHANGE IN CASH DURING THE YEAR

	2010 £000	2009 £000
Opening cash balance	2,494	1,334
Net cash inflow / (outflow)	(2,054)	1,160
Cash and bank balances at year end	440	2,494

19 RELATED PARTY TRANSACTIONS

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

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

	Awards 2010 £	Supplier Transactions £	Balances Remaining £
Richard Lewis (Chairman) All England Club Rugby Football League (Employment)	24,595,756	2,054 -	- 19,532,486
Mike Farrar (Board Member) NHS North West (Chief Executive)	-	956	-
Phil Lemanski (Board Member) Deloitte & Touche (Partner-retired)	-	59,363	-
James Stewart (Board Member) Partnerships for Schools (Board Member)	80,000	-	-
Jennie Price (Chief Executive Officer) British Fencing Association (Family Member) The Leisure Database Company (Family Member)	603,992 -	- 687,435	450,867 -
Judith Dean (Executive Director Communities) Lyme Regis Sea School (Membership)	9,375	-	-
Rona Chester (Chief Operating Officer) Lawn Tennis Association (Member) England Squash (Member) English Women's Golf Union (Member)	7,986,714 9,173,051 9,567,491	- - -	2,852,860 7,045,472 7,573,087
Lisa O'Keefe (Director of National Sport – joint) British Mountaineering Council (Member) Rugby Football Union for Women (Membership)	1,203,866 2,875	21,754 -	897,434 195,887
Phil Smith (Director of National Sport – joint) Football Foundation (Management Board)	40,249,200	-	15,300,000

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND
Financial Statements for the year ended 31 March 2010

	Awards 2010 £	Supplier Transactions £	Balances Remaining £
Joanna Robinson (Director of Regional Sport) Commonwealth Games Council for England (seconded from Sport England)	663,931	-	194,688
Alison Selfe (Strategic Lead Grants Management) Chelsea FC (Member) London Borough of Havering (Family Member)	53,100 -	- -	- 117,500
James Buller (Head of Shared Service Centre) PMP Consultancy (Employment) Sport Structures (Employment)	- -	381,734 -	- 125,000

20 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Sport England National Lottery Distribution Fund relies mainly on its share of proceeds from the National Lottery, with some partnership 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.

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

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

21 POST FINANCIAL YEAR END EVENTS

On 19 May 2010 The Secretary of State for Culture, Olympics, Media and Sport announced a 3 month consultation proposing to increase the share of Lottery funding going to each of the good causes including sport from 16.66% to 20% over the two years from 2011/12 to 2012/13.

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