



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

Annual Report and Financial Statements 2011– 2012

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and National Lottery Distribution Fund**

**Annual Report and Financial
Statements**

2011 – 2012

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Chair's foreword

As this Annual Report goes to press, the excitement and expectancy is building across the country. The world is coming to London but the real sporting triumph lies not in the next four weeks but in the years to come.

We've seen iconic sports facilities rise out of wasteland; watched the Olympic torch travel the length and breadth of the UK; hosted athletes from across the world at preparation camps in our communities.

Athletes' training programmes are complete; spectators' tickets booked; and volunteers' uniforms donned.

We're ready and waiting for London 2012.

For Sport England and grassroots sport as a whole, this expectancy is for more than just four weeks of world-class competition as dreams are realised and personal bests achieved on our home soil.

It's about finally having a chance to deliver the legacy we have been working towards since London won the bid to host the Games seven years ago.

The promise in Singapore that this would be the first Olympic and Paralympic Games to inspire the next generation to play sport was dramatic and challenging, but I believe we are rising to it.

Our work over the last 12 months through Places People Play has put in place some of the infrastructure lifelong sporting habits need if they are to thrive.

We've modernised hundreds of sports clubs, created stunning new facilities, protected playing fields, recruited and trained volunteers and given young people the chance to learn new sports and develop new skills.

We've targeted people and organisations who might not normally think about sport as something they would do.

And we've developed a new strategy that focuses on young people, reaching down to 14-year-olds, helping them play sport in their local community long before they leave education and compulsory games lessons.

We're taking sport out of its traditional structures and environments and into young people's lives.

So while the world is focused on events in Stratford over the next four weeks, I'm looking ahead.

The London 2012 legacy won't be delivered in full this year or next but gradually over the next five.

By 2017 we will have transformed sporting habits across the country – that is when the legacy will be fully realised.

I'd like to thank the members of our Board, our regional champions, Sport England employees and our partners for their hard work and commitment over the last 12 months. The task at hand requires our combined endeavours.

I look forward to continuing to work with all you to achieve our ambition of more people playing more sport.



Richard Lewis
Chair
Sport England

CEO's introduction

2012 will be a big year for community sport.

As the great, exhilarating Olympic and Paralympic show leaves town Sport England's job is to make sure that sport continues to flourish in every swimming pool, playing field and sports club across England.

It is an ambitious goal but one we are determined to achieve. Our optimism arises from having a good strategy in place and the money to support it.

The strategy we published in January 2012, focusing on helping 14 to 25 year olds create a sporting habit for life, recognises we need to do more, and it's one of the key things we'll be looking for as we assess the bids from the national governing bodies of sport (NGBs) for funding over the 2013-17 cycle.

Thanks to the changes the Government instituted in the way income from the National Lottery is distributed and the fact that more people are playing the Lottery we have seen an increase in the amount of money we have to invest in sport.

And of course the advantage of a Home Games gives us a unique opportunity to convert inspiration into participation.

But the scale of the task shouldn't be underestimated. We are travelling into a headwind when it comes to increasing regular participation in sport.

People have less money and less time to spend on leisure activities, and there has never been more competition for the little they have.

Just eight years ago there was no Facebook, no Twitter, no smartphones, no Sky+ - the list

goes on. If we want more people to choose sport at least once a week, every week, we have to give them attractive, flexible, modern options.

Some of our partners already excel at this – Lacrosse and StreetGames really stand out in terms of using new technology to reach young people.

There has also been a quiet revolution in NGBs over the last four years. More and more know and care about what their current and potential participants want. They now have to convert that knowledge into programmes that will deliver overall growth in once-a-week participation.

I look forward to the post-Games period with determination and optimism because I believe that Sport England, working with our partners, have a strong chance of delivering success.



Jennie Price
Chief Executive Officer
Sport England

Sport England at a glance

Our Youth and Community Strategy, launched in January, outlined how we will help people and communities across the country acquire a sporting habit for life.

Our mission

By 2017, five years after the London 2012 Olympic and Paralympic Games, we will have transformed sport in England.

Our new Youth and Community Strategy will have:

- Helped more people acquire a sporting habit for life
- Created more opportunities for young people to play sport
- Nurtured and developed talent
- Provided the right facilities in the right places
- Supported local authorities and unlocked local funding

In the process of achieving this we will invest over £1 billion of Exchequer and National Lottery funding into grassroots sport.

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 aims

Our overall ambition is to increase the number of people who play sport regularly – that's at least once a week for at least 30 minutes.

We particularly want to increase the percentage of 14-25-year-olds playing sport once a week and reduce the proportion of young people dropping out of sport.

We will:

- Offer every one of the 4,000 secondary schools in England a community sport club on its site with a direct link to one or more national governing body
- Help secondary schools open up their sports facilities for local community use, with additional funding available to help them do this.
- Provide at least 150 further education colleges with a full-time sports professionals who will act as College Sport Makers
- Give three quarters of university students aged 18-24 the chance to take up a new sport or continue playing sport while they study
- Set up 1,000 Door Step Clubs in disadvantaged local communities
- Encourage 2,000 young people on the margins of society into sport to gain new life skills
- Establish enhanced England Talent Pathways in at least 30 sports to ensure young people fulfil their potential.
- Invest £100m into facilities for the most popular sports, building on the success of Places People Play, our London 2012 legacy programme

How we work

Making strategic investments

We invest both National Lottery and Exchequer funding into programmes and projects that will increase the number of people playing sport regularly, keep them playing, and improve talent development

In 2011-12 we received £163.5m of Lottery funding and £97.6m of Exchequer or grant-in-aid funding.

We invest around half of our funding in NGBs and, going forward, 60% of the funding we provide to them will be focussed on younger people aged between 14 and 25 years old. We also fund an England-wide network of county sports partnerships (CSPs), national partners with specialist expertise in different areas of sport, and higher and further education institutions. We also provide funding directly to local sports clubs, coaches and volunteers.

All of our investments are evaluated to ensure they are providing value for money and to understand what is making the most difference to sports participation.

Improving sporting facilities

We know that good facilities are fundamental if more people are to be encouraged to play sport. This year we have stepped up our investment in facilities – especially small, local clubs – through our Places People Play programme, and much of the additional lottery funding we will receive over the next five years will be focussed in this area.

By 2017, our total investment into facilities will be over £250m.

Investing in local communities

We need to make sure our work reaches into the heart of local communities, and we work with a range of local and national specialists to make sure this happens.

This year we are creating a new community sport activation fund, which will be available to local authorities and local community

groups, and we are working with Street Games to put together a Door Step Clubs programme, which will create 1,000 new sports clubs run by and for young people in the most deprived areas.

Providing advice and expertise

Sport England is not just about providing funding. Because we work across England on such a wide range of grassroots sports projects – over 1600 this year – we bring together significant expertise and knowledge. Sharing this, encouraging creative thinking and good decision-making across the sector is a key part of our role, and a particularly important task in a challenging economic climate.

Our areas of expertise include:

- Sports development to increase and sustain participation
- Talent development
- Facilities planning and design
- Market data and analysis
- Local intelligence and support

Protecting playing fields

As a statutory consultee on playing field redevelopment we ensure that, where possible, open space is protected for local communities.

We always object to the removal or reduction of playing fields, except when local sports provision is enhanced as a result.

We were pleased the National Planning Policy Framework published this year included key safeguards for sports such as the need for like-for-like replacement of playing fields where developments are allowed, except in cases where the development is to enhance sport and recreation facilities.

Our partners

To successfully transform the nation's sporting habits we work with a range of specialist partners.

We are privileged to work with a strong network of organisations, the most significant of whom are listed in the panel below.

Our partners

National governing bodies of sport
County sports partnerships
Local authorities
National partners with specialist expertise
(listed on page 7)
Higher and further education
Charities and volunteering organisations
British University and College Sport England
Association of Colleges
The commercial sector
The London Organising Committee of the Olympic Games and Paralympic Games
The Olympic Delivery Authority
The Olympic Park Legacy Company
The British Olympic Association
The British Paralympic Association
UK Sport
Youth Sport Trust

Our investment strategy

Sport England's investment plan flows naturally out of our strategy. We invest in those organisations, initiatives and projects that will most effectively and efficiently help us transform sporting habits.

Investing in national governing bodies

NGB investment will account for over £450m of National Lottery and Exchequer funding between 2013 and 2017. Young people (aged 14-25) will benefit from 60% of this investment.

An important principle in our relationship with NGBs is that the investment of public money is a privilege not an entitlement, and our funding is awarded on a competitive basis to those governing bodies who put forward the strongest whole sport plans and have a good record on delivery.

In order to access funding for the next four year cycle 2013-17, NGBs must demonstrate how they will achieve one or more of these goals:

- More 14-25 year-olds playing sport
- More adults playing sport
- An excellent sporting experience to keep people playing sport
- High quality talent development that links with UK Sport's elite programmes
- More disabled people including those with talent, playing sport

Within the £450m available to NGBs, we have set aside a £40m fund to award later in the four year cycle to help governing bodies who are successfully increasing participation achieve even more.

To qualify for funding NGBs must also meet high standards of governance and financial controls, which we have developed jointly with UK Sport and the Department for Culture Media and Sport.

Working with national partners

We invest up to £10m a year of Exchequer money in national partners, bodies with specialist skills, knowledge and services in particular aspects of sport such as women's participation, child protection and disability sport.

National partners	2011-12 Investment
Child Protection in Sport Unit	£0.4m
English Federation of Disability Sport	£1.0m
SkillsActive	£0.5m
Sporting Equals	£0.4m
SportsAid	£0.3m
SportsCoach UK	£2.8m
StreetGames	£0.5m
Volunteering England	£0.1m
Women's Sport and Fitness Foundation	£0.7m
Sport and Recreation Alliance	£1.5m
Total	£8.2m

Other key investments include:

- £17.6m of Exchequer and Lottery funding in grassroots football and multi-sports facilities through the Football Foundation

- £198,000 of Lottery funding into Commonwealth Games England to help the organisation begin to prepare for Glasgow 2014

Open funding streams

Our open funding streams are designed to make National Lottery and Exchequer funding more accessible to smaller organisations, fill gaps in sporting provision, and uncover new ways of bringing people into sport.

In 2011-12 these programmes invested National Lottery and Exchequer funding directly into grassroots sport. They sit alongside the three open programmes that form part of Places People Play – Inspired Facilities, Iconic Facilities and Protecting Playing Fields (see page 9).

Small Grants

In 2011-12 we invested £6.2m of Lottery money into 930 smaller grassroots sports projects.

- A grant of £6,000 helped Colchester Council organise taster events to coincide with the Halfords Tour Series town centre cycle race.
- A grant of £9,000 allowed Longridge on Thames buy an additional dragon boat to give more young people to opportunity to take up the sport.

In total these awards will help a projected 213,100 people play more sport.

Sportsmatch

Last year we invested £2.6m into 190 projects through our Exchequer-funded, matched-funding programme, Sportsmatch. The scheme generated additional sponsorship worth £3.6m.

Sponsors ranged from multi-national companies such as Coca Cola, Nike, and

Vauxhall, to internet retailers such as Chain Reaction Cycles to local shops and retailers.

Awards given ranged from £1,000 to £100,000.

- A £1,000 award to Wheal Jubilee Parc Trust matched sponsorship from Rick Stein to help fund the Padstow Skate Park.
- A £100,000 award to the Football Association to match fund sponsorship from Vauxhall for a youth programme designed to stop 14-16-olds dropping out of the game.

The Sportsmatch awards will help a projected 249,500 people play more sport.

The Innovation Fund

Our Innovation Fund projects, designed to test new ideas for growing sports participation, continued to deliver during the year:

Ping! has continued to succeed, getting 60,000 people in Birmingham and 40,000 in Hull playing table tennis last summer. As a result, funding has been confirmed for a third year.

Sport England also created a new partnership with Leonard Cheshire Disability to test out ways to improve the confidence and motivation of disabled people to try out sports and then connect them to local opportunities to play regularly.

Themed rounds

We invested £2.8 m of National Lottery money into tackling specific gaps in sporting participation. In 2011-12 we made 11 awards, eight of which were to disability sport organisations.

Our new Inclusive Sport funding programme, launched in May 2012, will build on this work.

Delivering the London 2012 legacy

With the London 2012 Olympic and Paralympic Games just days away as we go to press, we are working hard to deliver a mass participation sporting legacy from these extraordinary events.

London 2012 facilities

Sport England invested in three London 2012 venues to ensure they will be suitable for community use after the Olympic and Paralympic Games, thus contributing to the legacy of increased participation.

Our £900,000 investment in Lee Valley White Water has already helped to increase participation. Over 41,000 members of the public took part in water-sports at the centre before it closed to the public to prepare for the Games.

The Velodrome, in which we invested £10.5m, whetted appetites for the Games with a spectacular test event in February and will become part of a community VeloPark with indoor and outdoor cycling facilities.

The Aquatics Centre, which received £34m of National Lottery funding from Sport England, is complete and a contractor appointed – Greenwich Leisure Ltd – as the post-Games operator. We expect around 800,000 visitors to use the centre every year which will be a thriving community asset open to all for years to come.

Our focus is now on helping to ensure the sites make smooth transitions from elite venues to community facilities over the coming months.

The School Games

Our investment of up to £35m of Lottery money between 2010 and 2015 into the School Games is helping to transform competitive sport in schools and get more young people playing sport. We had awarded funding of £14.6m by 31 March 2012.

Thousands of schools have signed up to take part in local class versus class, and school versus school competitions, along with countrywide sports festivals.

Over 1,600 young people took part in the successful School Games finals in May 2012 – one of the first multi-sport events to take place in the Olympic Park, and the last event to take place therefore before the official Opening Ceremony in July.

The School Games is funded by a mixture of Exchequer and Lottery funding from Sport England, the Department for Education, the Department of Health and the Department for Culture, Media and Sport. Sainsbury's also sponsored the 2012 National Finals.

Places People Play

Our £135m Places People Play National Lottery-funded programme is already creating better facilities, greater opportunities and stronger motivation for people to play sport.

It is being delivered by Sport England, in partnership with the British Olympics Association and British Paralympic Association, with the support of LOCOG. Together we will inspire a generation to play – and keep playing – sport.

Places

We are making the benefits of London 2012 visible in cities, towns and villages across the country by transforming the places where people play sport.

These will be the only facilities to carry the London 2012 Inspire mark, a permanent celebration of their role in the legacy of the

Games. Two funding rounds in each of these capital programmes are now complete – with three more to go.

Inspired Facilities

Through the Inspired Facilities programme we have invested £17.8m – 70% more than originally planned because of the strength of the demand – of Exchequer and Lottery funding into modernising and improved 356 local sports clubs and facilities.

We replaced leaky roofs, installed new boilers, put in new floors, built new changing rooms, switched on floodlights and provided new equipment. For example:

- Improving the clubhouse and buying a safety boat for a water sports centre near Chichester
- Saving the world's second oldest tennis club by resurfacing four courts in Liverpool
- Creating new opportunities for disabled athletes near Morpeth with new, accessible changing facilities.

By making the application process simpler and more straightforward we've removed the need for specialist knowledge, opening up the fund to many clubs that have never applied for Lottery funding before. For the first round we received a record 600 applications, of which we were able to fund more than half.

These grants have helped to reduce clubs' running costs, extend their opening hours and make them more reliable, inviting and accessible places to play sport.

Iconic Facilities

In 2011-12 we invested a total of £6.8m into four multi-sport venues that will set the bar for major sports facilities in future.

An award of £1.5m means the University of Worcester can now turn a derelict site into a new community sport arena for students, the local community and governing bodies. The new 12-court sports hall will be a welcoming home for local sports clubs in basketball, netball, badminton, wheelchair basketball, wheelchair fencing and blind football. It will

also be a centre of excellence for disability sport.

A £1.5m grant to Dawley Sports and Learning Community will help Telford and Wrekin Council bring its vision of a new facility that combines sports, leisure education and health services to life. The facility will feature

- A new eight court sports hall
- National standard BMX outdoor track
- Artificial grass pitch
- A major regional base for cycling, rugby league and table tennis.

By placing the services together the council intends to strengthen school and club relationships.

Protecting Playing Fields

Funding worth £4.8m has protected and improved 109 playing fields across the country.

Thanks to our awards:

- Oakfield Cricket Club can buy its own grounds, guaranteeing its future and enabling it to expand
- Devon football team, Princetown, was able to play its first ever home game – players previously had to make a 16-mile round trip to play.
- Football pitches and a cricket ground badly affected by flooding in Kingston upon Hull have been bought back into play.

All playing fields in the scheme are protected from development for at least 25 years.

Sixty of them have been dedicated 'in perpetuity' thanks to our partnership with Fields in Trust which is running the Queen Elizabeth II Fields Challenge to mark both the Diamond Jubilee and the London 2012 Games.

People

Sport doesn't happen by chance. It needs to be organised and managed; participants need to be co-ordinated and encouraged.

We are helping the people who make sport happen at the local level through two programmes.

Sport Makers

We are recruiting, training and providing deployment opportunities for 40,000 Sport Makers to organise and lead grassroots sporting activities.

The programme launched in October 2011 and there are already 22,660 registered Sport Makers. We have held 792 training events, provided 1,606 opportunities to try out their new skills.

Club Leaders

A modern, well-run club network will play a vital role in helping to increase participation and create new sporting habits.

Club Leaders was launched in May 2012 to offer training and support to sports club leaders in the business of running a club.

The support available covers areas such as:

- Facility management
- Business planning
- Financial management
- Marketing and managing membership

The programme is being delivered by PwC through a combination of e-learning and face-to-face training at its national network of offices and a fully-equipped learning bus that will tour the country.

Play

We are creating new sporting opportunities and challenges that give everyone the chance to become part of the mass participation legacy, through:

Gold Challenge

An independent initiative that seeks to motivate 100,000 adults to test themselves in multiple Olympic and Paralympic sports and raise millions of pounds for charity, Gold Challenge is on track to meet its target by the end of 2012.

By the end of March there were 85,000 registered participants and in April, 20,000 people packed into the Olympic Stadium to race on the track as part of their Gold Challenge endeavours.

Sportivate

A nationwide campaign that captures the excitement of sport, Sportivate gives teenagers and young adults six weeks of coaching in the sport of their choice.

Over 80,000 young people completed their coaching sessions. Three months later, sampling shows, 83% were still playing the sport.

Inclusive sport

In May 2012 we launched Inclusive Sport - an £8 million programme that will deliver a legacy from the Games for people with a disability.

It is concentrated on increasing participation in sport by disabled people and will focus on putting the consumer at the centre of the projects, and making sure the sport being offered fits into their daily lives.

We will work with new organisations, especially those who offer broader services and support to disabled people, as well as existing partners.

We are also making sure that every element of the Places People Play programme works for disabled people.

Responding to change

Adapting to changing circumstances is essential if an organisation is to thrive. In the public sector this means looking for new efficiencies.

Proposed merger with UK Sport

We are continuing to discuss the practicalities of a proposed merger with UK Sport after the London 2012 Games with both UK Sport and DCMS.

Work has already begun on strengthening strategic co-ordination between the two organisations, and on co-location when our current leases expire in 2014.

It has been agreed however that the discussions on governance issues will take place after the London 2012 Games.

Office rationalisation

One of the ways in which we are reducing our core costs is to cut down on the number of Sport England offices across the country and moving more staff to a home-working model.

We are doing this gradually and cost-effectively as leases come to a natural end.

We are supporting home workers with technical support and new working practices are being established so our ability to offer local expertise isn't affected.

We have created three hubs – in the North, South and the Midlands – where meetings can be held and home-based staff can come together.

In 2011-12 we closed our offices in Manchester and Birmingham, and during 2012-13 plan to our Durham, Bedford and Crewkerne offices.

Our performance

We are responsible for public funds so it is essential that we measure the impact of our investments, and establish what is most effective in driving increased participation in sport.

Strategic outcomes

Growing and sustaining participation

The objective of our new strategy, which we began to implement at the beginning of 2012, is to create a sporting habit for life in more people. We want to see more people, especially young people, playing sport once a week, every week.

In 2011-12, 14.76m adults played sport at least once a week (34.8%). This number has increased by over 800,000 since the London 2012 Olympic bid was won in 2005. Three-times-a-week participation has increased by over 600,000 over the same period, rising to 6.9m.

Sustaining these levels of participation is a challenge in itself especially given the current economic climate and the plethora of other options on which people have to spend their leisure time. Nevertheless we remain committed to increasing participation.

The information we get from the Active People Survey, which we conduct with guidance from the Office of National Statistics, allows us to understand the trends in sporting participation, and to measure the performance of the NGBs and others in whom we invest, in terms of growing participation.

The insight it provides is used by many governing bodies and local authorities – as well as Sport England - to help them develop the right activities in the right places.

As methods of communication evolve, so do the way in which surveys such as this are conducted. During the year we have worked with our survey provider, TNS-BRMB, to trial

different methods of collecting information about sporting habits, including face to face interviews and mobile phone calls.

This is particularly important now that we are seeking to increase participation in young people from the age of 14. We are working hard to identify the best, most reliable way to gather useful data from this group.

This is being done in consultation with colleagues in DCMS, and we will be launching a consultation on improvements to our system of measurement during 2012.

Important as it is, the Active People Survey is not the only way we measure the impact of our interventions. We also have project and programme specific evaluation processes which tell us what impact different specific interventions are having.

For example the purpose of our Places People Play legacy programme is to give as many people as possible a tangible benefit from the Games being hosted in London, so we count the number of people touched and reached by those projects.

The Active People Survey standard of regular, sustained participation every week, for at least 30 minutes at moderate intensity, is a high one.

We can also learn from other data, for example Taking Part economic data and leisure spend as well governing bodies' own management and operational data. These can often provide valuable lead indicators to show growth or decline in participation.

Getting more young people playing sport

Our investments have successfully helped over 600,000 more children and young people playing or volunteering in sport outside school – one year ahead of our target.

We have also successfully invested into a portfolio of programmes including School Games, Change4Life and Sporting Champions to give young people of all backgrounds and abilities the sort of positive

and rewarding early experience of sport that will help them adopt a sporting habit for life.

Our £378,000 investment into the Child Protection in Sport Unit is a critical part of this. Jointly funded with the NSPCC, the Unit’s remit is to help children and young people play sport and stay safe.

It sets out a standards framework encouraging sports organisations to safeguard children, in line with their statutory responsibilities, and to ensure best practice.

Investing in children and young people		
Programme	Investment	Results
School Club Links and Volunteering	£5m – of which £4m went to 34 NGBs (Exchequer)	The number of junior club members and volunteers has increased by 604,942 since the start of the 2009-13 funding period – beating the half million target set for this period a year early. There are now: <ul style="list-style-type: none"> • 1.97m young junior club members (target 1.89m) • 88,000 young volunteers (target 76,000)
Change 4 Life Clubs	£1m (National Lottery)	2,786 Change 4 Life Sports Clubs were established in secondary schools. They attracted 61,175 young people to play and trained over 10,000 young leaders and coaches. This funding was awarded and delivered in 2010/11.

Retaining 16 to 18 year-olds in sport

Although younger people are more active than the general population, with 54% of 16-25 year-olds playing sport once a week, the rate of participation has declined from 57.8% since October 2008, according to the Active People Survey. Eight out of the nine sports we are working with in this area are behind their specific drop off target for 16-18 year-olds.

It is of real concern that the number of 16-18 year-olds playing regular sport has dropped year on year; fewer coming through into the club and community system means that there are fewer to retain, although sports are keeping those that come through the system better than before.

This is one of the main reasons why our new strategy has an increased focus on 14 and upwards. We want to help young people keep playing the sports they enjoy and establish sporting habits for life.

Sports focusing on 16+ drop off rates

- Badminton
- Basketball
- Football
- Gymnastics
- Hockey
- Netball
- Rugby union
- Rugby league
- Tennis

Developing sporting talent

Over the last 12 months we have worked with over 35 governing bodies to support their England Talent Development activity. This includes developing good quality facilities, inspiring club environments, excellent coaching and the right balance of competition and training. This represents £92m and 24% of our total 2009-13 direct investment in NGBs.

By March 2012, 22 sports were on track to meet their talent development targets for the 2009-2013 funding cycle, with eight other sports making good progress in the last 12 months.

Our role has been to provide:

- Continued guidance to help sports define their England Talent Pathway
- More meaningful targets agreed for squash, badminton, gymnastics, hockey, boxing and rugby league
- Effective England Talent Pathway frameworks

- Two governing body seminars for England Talent Lead Personnel
- Advice and technical support to 21 sports on athlete profiling
- Support to help sports develop their coaching workforce
- An investment of £780,000 into 10 sports to enhance their disability talent support activity, with a link to the Sainsbury School Games

We also supported national partners involved with young talented athletes. For example, our investment of £290,000 into Sports Aid helped generate a total sum in excess of £1.4m that was distributed in awards to some 1600 young English athletes with talent.

Our £207,000 investment in Commonwealth Games England (CGE) helped the organisation lead a successful England team to the top of the medal table at the 2011 Commonwealth Youth Games winning 37 gold, 29 silver, 16 bronze medals across seven sports.

Supporting grassroots sport

As the Government agency responsible for grassroots sport, we undertake wider functions to support everyone who plays sport in England.

Statutory and strategic planning

We have a statutory right to be consulted on all planning applications that affect playing fields, and we object to all applications that would affect or lead to the loss of a playing field, unless the developer can prove the proposals will improve or protect local sports provision.

In 2009/10, 94.5% of the applications we opposed resulted in the places where people play sport being improved or safeguarded. Published in December 2011, these are the

most recent figures available, due to the length of time individual planning processes can take to complete.

These figures take account of the impact of a change in the law which came into force in April 2009, which gave us more power to protect playing fields by including mini pitches, often found at primary schools. These were previously too small to qualify for protection.

Playing field protection data

	2009/10	2008/09
Concluded planning applications resulting in improved or safeguarded sports provision	1,542 out of 1,631 (94.5%)	1,181 out of 2,339 (95.3%)
Percentage of cases where Sport England initially objected, and subsequent negotiations led to an overall improvement in sports provision	53%	43%
Applications where we sustained our objection, that were either withdrawn by the applicants or refused planning permission	105 out of 218	78 out of 168
Applications which led to a detrimental impact on sport, despite our objections	89 (5.5%)	58 (5.7%)

County sports partnerships

For the third year running we invested £10m of Lottery money into the core services of the England wide network of 49 county sports partnerships (CSPs) to ensure they continued to make the vital connections between NGBs and local authority aspirations and investment plans.

One of the ways we measure the impact of this investment is through our annual stakeholder survey.

The 2011 survey shows that the CSP network continues to deliver effectively. CSPs can also use their influence and advocacy to secure additional resources for sport locally. In 2011-12, CSPs used their power to bring in an extra £32.7m

CSP network review results November 2011

NGBs are widely using CSP services

96% of NGBs that responded are working with CSPs
60% of NGBs were either satisfied or very satisfied that CSPs were delivering (18% were neutral)
On average each CSP is working with 24 NGBs on implementing their 2009-13 Plans.

The services provided by CSPs are right for sport

56% of NGBs said they were satisfied that the services were what they needed and a further 22% were neutral.
100% of CSPs felt that the current services they provide reflect NGB need at local level.

CSPs are delivering effectively.

Through advocacy and influence, CSPs have helped to bring £32.7m into grassroots sport
Feedback from NGBs and local authorities was positive
CSPs are consistently performing well against their targets.

Local government is widely engaged with the CSP network

86.5% of local authorities said they were working with their local CSP and 60% invest in them.
75% of local authorities said they have experience of CSPs to helping ensure that Sport England outcomes are embedded in local priorities.

CSPs are effectively managing Sport England funding

All CSPs are managing investments from Sport England well

National Sports Centres

After the appointment of Serco to operate two of our three national sport centres, Bisham Abbey and Lilleshall, last year we focused on developing this new partnership and building on our existing one with the Mountain Training Trust at Plas Y Brenin.

It was a successful year at all three centres with clients reporting a much-improved customer-oriented culture. We also worked together to produce sports development strategies which are helping to focus each centre's operations.

We are making good progress on improving our National Sports Centres, with investment via a Lottery grant to The Sports Council Trust Company.

We have finished the first phase of works refurbishing accommodation blocks in Lilleshall for the Royal British Legion's Battleback Centre, as well as upgrading Ford Hall.

Planning permission has been obtained for new building works including the remaining accommodation, the new English Institute of Sport facilities, and the five-court sports hall. This work will be completed by March next year.

Progress at Bisham Abbey has been slower due to the difficulties in obtaining permission to develop a listed building. A formal planning application is about to be submitted. Work on new accommodation, an artificial pitch and associated facilities is scheduled to begin in January 2013.

We are also creating a new RBL Battle Back centre at the site, in partnership with the Royal British Legion. This centre will provide sports-based rehabilitation courses to injured service personnel.

Commercial partnerships

A classic asset-based commercial strategy, focused on events, athletes or programmes poses a challenge for Sport England.

Grassroots sport does not generate many 'off-the-shelf' assets we can sell. Through working with NGBs and a small number of commercial partners, we have evolved a different approach.

We work with brands to understand their business objectives and then design a project or partnership which meets their needs.

We are also aware that some of the most valuable investment from a corporate partner is not only financial but also the people, expertise, products or marketing reach they can give to community sport. Examples of new partnerships formed this year include:

Royal Caribbean

- A new partnership was agreed in January 2012 to increase participation in running
- A pilot began the start of January 2012 to create an additional 50 running groups (1,000 runners) in London via Run England as the delivery partner
- Royal Caribbean is providing strong marketing and PR support including its ambassador Sally Gunnell, along with incentives for runners and leaders.

Places People Play

- Thomas Cook's Children's Charity has agreed to invest £500,000 into Inspired Facilities projects over three years. In round one, 13 Inspired Facilities projects received additional funding from the charity as a result.
- Support for our Sport Maker programme and Club Leader training is being provided by a number of 2012 sponsors, with bespoke conventions and workshops being held for London 2012 sponsors including Lloyds Banking Group, Freshfields and Westfield.

Our teams

Creating a lifelong sporting habit in many more people is not an easy task. To succeed we must focus our resources – time, knowledge and money – on projects, programmes and initiatives that deliver the greatest

Sport England's six directorates work individually and collaboratively to support, develop and promote grassroots sport, helping sport to reach beyond its traditional heartland.

Community Sport

The Community Sport directorate combines the specialists who work on our youth programmes with those who work at local level. This team:

- Works with NGBs and CSPs to establish strong connections between school sport and club or community sport, thus making it easier and more attractive for young people to choose to play sport
- Leads youth programmes like Sportivate, which offers 14-25 year olds coaching in a sport of their choice and guides them into long term participation
- Works with higher and further education institutions, together with British Universities & College Sport (BUCS) and the Association of Colleges (AoCs) to create more opportunities for 16-25 year olds to play sport
- Develops programmes that use sport to support youngsters in disadvantaged communities and on society's margins
- Engages with local authorities and partners to influence policy and provide tools and intelligence to support investment in sport
- Oversees Sport England's investment into the network of CSPs.

The directorate also leads Sport England's involvement with the School Games, for

which we are the Lottery distributor, working with the Youth Sport Trust.

National Governing Bodies and Sport

The NGB and Sport directorate is responsible for managing Sport England's investment of over £100m each year in 46 NGBs and national partners

Through relationship managers, supported by teams with individual areas of expertise, the directorate works closely with the NGBs to provide technical support, and expert advice to ensure our investment in them is effective.

The teams have specialist expertise in:

- Talent development
- Participation
- Workforce
- Club development
- Disability
- Equality and diversity

The directorate is also responsible for managing several additional initiatives including Doorstep Clubs, and three Places People Play London 2012 legacy programmes - Sport Makers, Gold Challenge and Club Leaders.

Facilities and Planning

The Facilities and Planning directorate offers a range of services to those involved in commissioning, developing and building sports facilities. The team:

- Provides strategic planning advice to ensure new sports facilities are developed in response to robust needs and evidence
- Produces detailed guidance to raise sports facility standards
- Works with governing bodies to ensure they make best use of our capital funding
- Manages our National Sport Centres at Bisham, Lilleshall, Caversham and Plas-y-Brenin, which provide training and rehabilitation facilities for, elite and community athletes
- Acts as a statutory consultee on planning applications that may affect playing fields
- Works with the ODA and OPLC to ensure that the purpose-built venues will serve sport and the local community after the London 2012 Games
- Encourages and helps schools to open up their sports facilities for community use.

Research and Strategy

The Research and Strategy directorate is responsible for generating the insight and evidence which is vital to the future direction of community sport. The team:

- Measures how many adults play sport, through the biggest sports participation survey in Europe (the Active People Survey), and their satisfaction with their sporting experience
- Provides tools and intelligence to help those delivering and funding sport to understand the market.
- Develops and reviews Sport England's strategy and targets, leading on business planning and corporate reporting
- Evaluates the impact of our investment to understand what works and shows value

- Provides analysis and expert advice on sports participation both to their colleagues in Sport England and to NGBs, local authorities, CSPs and other stakeholders

Business Partnerships

The Business Partnerships directorate manages Sport England's relationships with the Government, media, the public and the commercial sector. This team:

- Promotes our funding programmes to generate strong applications and highlights the results of our investment
- Helps the public, voluntary and private sectors understand how they can work with us and the benefits of doing so
- Secures private sector resources, including expertise, in-kind support and financial investment, to promote and develop grassroots sport
- Manages National Lottery recognition
- Works with the media to raise the profile of grassroots sport
- Informs and advises the Government on issues relating to grassroots sport.

Corporate Services

The Corporate Services directorate is responsible for ensuring we operate efficiently, legally and with good governance. It also manages our grants programmes. The team:

- Manages our Lottery and Exchequer open funding streams from initial application through to post-award evaluation
- Supports compliance and risk mitigation with specialist professional services including legal, information governance, and audit, risk and governance
- Ensures value for money from all our suppliers through effective procurement
- Provides financial support and advice to the organisation

Our corporate structure

Our Main Board sets our direction, with the support of a number of specialist sub-committees who provide advice and expertise. Day-to-day operations are the responsibility of the Executive Team who implement the strategy and monitor its results

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

- Setting and agreeing 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 awards
- Approving Sport England's Annual Report and Financial Statements
- Overseeing performance management.

Sport England Board members 2011-12

Richard Lewis (Chair)
Jill Ainscough
Nick Bitel
Clare Connor OBE
Michael Farrar CBE
Hanif Malik
Sadie Mason
Peter Rowley
R Michiel Stevenson OBE DL
James Stewart OBE
Peter Stybelski
Martin Thomas

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 by DCMS.

Sub-committees

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 four board members, one of whom is nominated chair.

Project Committee members 2011-12

R Michiel Stevenson OBE DL (Chair)
Clare Connor OBE
Hanif Malik
Paul Millman
Jennie Price (in whose absence the COO deputises)
Martin Thomas

Finance Committee

The Finance Committee ensures that our 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. It also provides support and challenge to the executive finance function.

Finance Committee members 2011-12

James Stewart OBE (Chair)
Sadie Mason
Peter Rowley

Audit, Risk and Governance Committee

The Audit, Risk and Governance Committee ensures Sport England operates with financial propriety and good corporate governance and robust management controls. The committee comprises three non-executive Main Board members and two independent external members.

Audit Risk and Governance Committee members 2011-12

Peter Rowley (Chair)
Nick Bitel
Michael Farrar CBE
John Flook
Ralph Sharp

Terms and Remuneration Committee

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

Terms and Remuneration Committee members 2011-12

Richard Lewis (Chair)
Michael Farrar CBE
James Stewart OBE
Peter Stybelski
Jill Ainscough

Regional Champions

Government -appointed Regional Champions act as advocates for sport. One for each region, they report to our Chair, Richard Lewis, and meet as a group twice a year.

Regional Champion	Region
Cllr Stephen Castle	East of England
Cllr Manjula Sood	East Midlands
Shaun Dawson	London
Peter Rowley	North East
Pam Jervis	North West
John Cove	South East
Tim Coventry	South West
Dave Long	West Midlands
Yuri Matischen	Yorkshire and Humber

The Executive Team

Our Executive Team is responsible for the day-to-day running of the business and managing our directorates.

Sport England Executive team

Name	Job title
Jennie Price	Chief Executive
Rona Chester	Chief Operating Officer
Mike Diaper OBE	Director of Community Sport
Charles Johnston	Director of Facilities and Planning
Tanya Joseph (From January 2012)	Director of Business Partnerships
Lisa O'Keefe	Director of Sport
Phil Smith	Director of Sport
Caroline Weber (Until August 2011)	Director of Business Partnerships

Finance report

Financial performance

The English Sports Council 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 1993 (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.

The Statement of Comprehensive Net Expenditure sets out our grants expenditure, our costs of delivering those grants, and any income received from third parties. The Exchequer grant-in-aid received in 2011-12 is shown in the General Reserve rather than in the Statement of Comprehensive Net Expenditure.

In 2011-12 our core grant-in-aid, both resource and capital, was £97.6m (see note 17) compared with £121.4m in 2010-11. This reflects the reduced settlement which arose from the comprehensive spending review in November 2010. As a result funds available for capital expenditure have reduced by £10.0m and resource expenditure by £13.1m. In addition £0.8m of available resource funding was not drawn down in 2011-12.

We awarded grants of £82.0m (compared to £98.1m in 2010-11). Awards are recorded as expenditure in the period to which they refer under the accruals concept of accounting.

Grants Awarded from Grant-in-Aid Funding		
Grants	2011-12	2010-11
NGB funding	£42.3m	£49.6m
Football Foundation	£10.0m	£12.0m
Five Hour Offer	-	£14.6m
School Games	£10.2m	-
National Partners	£8.2m	£9.5m
SportsMatch	£2.6m	£2.0m
Other Grants	£8.7m	£10.4m
Total	£82.0m	£98.1m

Assets and working capital

As at 31 March 2012 the value of the Group's non-current assets, which are mainly the National Centres and equipment, had increased to £67.8m (compared to £63.3m on 31 March 2011).

The majority of this movement is due to additions at our National Centres which have been funded by a Lottery award. An award of £16m was made to provide the capital enhancements required to support the new management contracts.

By applying strong financial control over our working capital we were able to reduce Group cash balances to £2.3m (2010-11 £2.8m). However, in order to meet the "Managing Public Money" requirement to only draw down funds when required, we have still not drawn down funds to cover capital retentions of £1.4m. 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 2012 we had Exchequer tax payers' equity of £51.7m compared to £50.9m on 31 March 2011. The increase includes the increases in the pension reserve (£3.8m) and general reserve (£3.4m).

The timing of expenditure, covering operating overheads and capital investment, meant that at 31 March 2012 both receivables and payables were significantly higher than the previous year but in aggregate the net movement is not material.

National Lottery Distribution Fund (NLDF)

Income

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

The Lottery Shares Order, passed in November 2010, restored the shares of the National Lottery to 20% for each of the good causes. Sport England's share increased from 10.3% to 11.2% on 1 April 2011 and will increase further to 12.4% on 1 April 2012. In addition the final Olympic contribution of £12.5m is deducted from net operator proceeds in 2012-13.

This year we received £163.5m of proceeds and investment returns from the National Lottery, compared to £134.4m in 2010-11. In addition to the change in share of Lottery income, there was strong demand for ticket sales.

Awards

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

The grant commitments for future years (refer Lottery note 14) have been entered into after consideration of the cash requirements of grant recipients (these can extend over a number of years) and after taking account of income forecasts provided by the Department

for Culture Media and Sport including the transfer of funds to the Olympic Lottery Distribution Fund. In taking this view of future income the Board assumes as a matter of public policy the continued operation of the Lottery. The Board has taken into consideration the impact of the changes to income share agreed by Parliament and have considered the impact on existing commitments recorded in these financial statements.

During the year we made net grant commitments of £163.5m compared to £67.0m in 2010-11.

The key components of the commitments are shown in the table below.

Lottery Grant Commitments (i.e. awards accepted during the year)		
Grants	2011-12	2010-11
NGB Funding	£4.4m	£4.4m
National Sports Centres	£4.3m	£0.8m
Places People Play	£76.0m	£6.7m
Local Provision	£30.2m	£43.4m
School Games	£12.9m	£1.2m
Olympic Venues	£34.0m	£10.5m
Other Programmes	£1.9m	£1.8m
Decommitments	(£0.2m)	(£1.8m)
Total	£163.5m	£67.0m

The national governing body funding reflects the remaining commitments made as a part of the four year commitment for the 2009-13 NGB plans.

Places People Play is in its first full year of delivery in line with Strategy (refer page 9 for more details of this program).

Financial assets

The financial assets are the funds within the NLDF that are available to Sport England when needed. These reflect the balance of funds that are awaiting distribution for committed grants. In total these amount to £140.1m (2010-11 £183.3m).

The reduction in NLDF balance is a result of a strong investment strategy that contains a balance of revenue investment and medium to large scale capital investment. The reduction in the NLDF balance has also been achieved in the face of Lottery ticket sales income increasing by £29.1m from 2010-11.

The balance of hard commitments which have not been paid has decreased from £214.3m in 2010-11 to £194.8m in 2011-12. In addition to hard commitments; soft commitments will be required to be paid once accepted.

The control framework for the NLDF balance includes:

- The Board policy that awards are only offered if we can demonstrate that a minimum balance of £20m is maintained in financial assets.
- Our five-year medium-term investment plan and projected cashflow is monitored constantly to ensure that the right balance is maintained between ensuring that we have new programmes in place to achieve our strategic objectives while taking into account the uncertainty of lottery income projections.

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 addressing additionality, the following principles have been adopted:

- Adding additional value to community sport is at the heart of what we do.
- Proceeds of the National Lottery should be used to fund projects, or aspects of projects, that the Government is unlikely to fund. If Exchequer money is clearly not available, nor likely to be available, and no private sector funding is available, Sport England can fund with Lottery money. If Exchequer funding subsequently becomes available for an area previously funded by the Lottery, then Lottery funding could be withdrawn but only where there was a reasonable expectation that it will be funded by Government. This would not be applicable if additional funding provides added benefit that would otherwise not be obtained.
- Additionality principles should not preclude using Lottery funding to complement other sources of statutory funding including Sport England's own Exchequer budgets as long as there is a clear distinction between the uses of each and an opportunity arises to add additional value to existing schemes.

All awards in 2011-12 have been consistent with this definition.

Total expenditure

Certain expenditures are apportioned between the Exchequer and Lottery accounts in accordance with Note 1.6 in the Exchequer account and Note 1.5 of the Lottery accounts. Apportionment of costs is based upon a detailed review at the beginning of the financial year of the organisation's annual corporate plan. As the allocation of resources may change between years, adding the expenditures apportioned to Exchequer and Lottery together makes it easier to explain the movements in expenditure. In 2011-12 the average allocation attributed to Exchequer expenditure was 40% (2011: 47%). This reflects the change in our workload and income received. Lottery income was 62% of total income in 2011-12 (2010-11: 53%). The major beneficiary of the increased income is

the Places People Play Programme in 2011-12.

Operating costs

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

	2011-12	2011-12	2011-12	2010-11
	Exchequer	Lottery	Total	Total
Staff Costs	£8.8m	£13.2m	£22.0m	£16.6m
Sports Development	£3.8m	£8.3m	£12.1m	£9.0m
Operating Costs	£2.6m	£3.9m	£6.5m	£6.9m
Total	£15.2m	£25.4m	£40.6m	£32.5m

Staff costs increased as a result of an additional payment of £6.5m to the defined benefit pension scheme to reduce the funding deficit. Our reliance on agency staff has continued to reduce.

Sports development costs have increased by £3.1m due to the Places People Play programme. Costs have been procured rather than awarded in order to ensure a greater level of quality and cost control over the project.

Operating costs have declined by £0.4m with cost savings in various areas.

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.

The 2010 spending review requires Sport England to meet an absolute value administration cost target set for each of the four years of the spending review period starting in 2011-12. The target, which declines for the period of the review, has been achieved for 2011-12. Plans are in place to achieve the target for the remainder of the Spending Review period.

Administration Target (£'000)

	2011-12
Target	10,373
Outturn	9,779*
*includes £2.6m of special contributions to the LPFA pension fund	

In 2010 the Lottery distributors agreed to work towards a benchmark of 5% for grant processing costs and 8% for gross costs. Sport England has a target date of March 2014 to achieve this. The target is challenging but we have long term plans to monitor progress to achieve the target. We are on target to achieve the 5% grants processing costs by March 2014. The gross cost target is currently £4.5m above the target. This is due to sports development costs procured for our Places People Play programme.

In calculating the percentages the Lottery distributors have agreed a common definition including exclusions. For Sport England gross costs would include both operating costs and sport development costs but would exclude the impact of the accounting adjustments relating to the defined benefit pension fund to comply with IAS 19 and the payment of deficit contributions.

Lottery cost targets	2011-12
5% grant processing costs	5.1%
8% gross costs	10.4%

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 line with the guidance issued by HM Treasury, separate governance statements have been prepared for both The English Sports Council Group and The English Sports Council National Lottery Distribution Fund and appear on page 39 and page 86 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 £51,000 for the audit of the Council and £74,000 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 £51,000 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 2011-12 the average period for the payment of invoices was 20 days (2011: 20 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 2011-12, sick absence excluding long-term sick absence, averaged 2.2 days per person, compared to 2.4 days per person in 2010-11.

Four colleagues (2011: five) had long-term sick absences (defined as periods of 20 or more days).

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 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 parliamentary questions (PQs) and Freedom of Information requests.

From 1 April 2011 to 31 March 2012 we responded to 115 requests (2011: 140) to help answer oral and written parliamentary questions.

We also received 91 requests (2011: 102) for information under the Freedom of Information Act. Of the 91 requests for information that were dealt with during 2011-12, 62% were completed within the statutory deadline prescribed in the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. This response rate requires improvement and in 2012-13, we will aim to respond to at least 80% of requests received by the statutory deadline.

Pension provision

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

Barnett Waddington was instructed by London Pensions Fund Authority (LPFA) to undertake the annual IAS19 Disclosure Report. Based on these calculations, the net liability in the balance sheet increased to £40.3m, compared with £30.9m in 2010-11. This includes unfunded obligations of £7.0m as at 31 March 2012 (£6.6m as at 31 March 2011).

During the year, a special payment of £6.5m was made into the scheme. This was funded 40% from Exchequer and 60% from Lottery. Appropriate approvals were received from Sport England Main Board and from the Department.

Actuarial losses for the year were £17.9m, made up of £14.2m due to changes in assumptions (major impact was a reduction in the discount rate from 5.5% to 4.6%) and £3.7m in reduced returns on pension scheme assets.

The latest actuarial valuation of the Sport England elements of the scheme at 31 March 2010 prepared by the Trustees indicated a deficit of £17.5m, excluding unfunded obligations. 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.

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

Reporting of personal data-related incidents

In accordance with Cabinet Office guidance under the Security Policy Framework, Sport England has in place robust and specific measures to ensure information security applies to all staff and third parties.

All Sport England laptops and USB sticks are now encrypted and it is impossible to write onto unencrypted media from Sport England systems. A loss of encrypted removable media is not recorded as a personal data-related incident.

There were no reported losses of personal data on unencrypted media in 2011-12.

Remuneration report

Remuneration Policy

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

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

- the need to recruit, retain and motivate suitably able and qualified people to 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;
- government policy on pay in the public sector
- the funds available to the Council as set out in the four-year spending review settlement 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 Guidelines. Guidelines 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. 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 and any sub-committee meetings as well as payments for home to work travel.

Subject to audit

Name	2011-12			2010-11		
	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100)	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100)
Richard Lewis Chairman from April 2009 Full time equivalent	45 - 50 110 - 115	- -	- -	45 - 50 110 - 115	- -	- -
Michael Farrar CBE Board Member from Mar 2005 to Mar 2013	-	-	-	-	-	-
Jill Ainscough Board Member from Apr 2007 to Apr 2013	0 - 5	-	-	0 - 5	-	-
Karren Brady Board Member from Mar 2005 to Nov 2010	-	-	-	-	-	-
Phil Lemanski Board Member from Apr 2007 to Apr 2010	-	-	-	-	-	-
Mich Stevenson OBE DL Board Member from Apr 2007 to Apr 2013	0 - 5	-	-	5 - 10	-	-
James Stewart OBE Board Member from Apr 2007 to Apr 2013	-	-	-	0 - 5	-	-
Martin Thomas Board Member from Apr 2007 to Apr 2013	0 - 5	-	-	0 - 5	-	-
Peter Rowley (note 1) Board Member from Sep 2010 to Sep 2013	10 - 15	-	-	0 - 5	-	-
Nick Bitel Board Member from Sep 2010 to Sep 2013	0 - 5	-	-	0 - 5	-	-
Clare Connor OBE Board Member from Sep 2010 to Sep 2013	0 - 5	-	-	0 - 5	-	-
Hanif Malik Board Member from Sep 2010 to Sep 2013	0 - 5	-	-	0 - 5	-	-
Sadie Mason Board Member from Sep 2010 to Sep 2013	0 - 5	-	-	0 - 5	-	-

Name	2011-12			2010-11		
	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100)	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100)
Peter Stybelski Board Member from Sep 2010 to Sep 2013	0 - 5	-	-	0 - 5	-	-
Jennie Price (note 2) Chief Executive from Apr 2007 Full time equivalent is	130 - 135 160 - 165	-	-	125 - 130 160 - 165	-	-
Rona Chester Chief Operating Officer from Mar 2010	145 - 150	-	-	145 - 150	-	-
Judith Dean Director of Communities from Dec 2008 to Sep 2010 Full year equivalent is	-	-	-	60 - 65 90 - 95	-	-
Thomas Godfrey Commercial Director from Oct 2007 to Sep 2010 Full year equivalent is	-	-	-	55 - 60 100 - 105	-	-
Charles Johnston (note 3) Director of Property from Aug 2008	125 - 130	-	-	115 - 120	-	-
Lisa O'Keefe (note 3) Director of Sport - joint from Jul 2008	110 - 115	-	-	100 - 105	-	-
Phil Smith Director of Sport - joint from Sep 2008	110 - 115	-	-	110 - 115	-	-
Mihir Warty Director of Research and Strategy from Aug 2006 to Sep 2010 Full year equivalent is	-	-	-	75 - 80 95 - 100	-	-
Caroline Weber (note 3) Director of Business Partnerships from Nov 2008 to Aug 2011 Full year equivalent is	40 - 45 105 - 110	-	-	100 - 105 -	-	-
Mike Diaper OBE (note 3) Director of Community Sport Nov 2009	95 - 100	-	-	90 - 95	-	-
Tanya Joseph Director of Business Partnerships from Jan 2012 Full year equivalent is	25 - 30 110 - 115	-	-	-	-	-
Joanna Robinson Director of Regional Sport from Oct 2004 Seconded to Commonwealth Games Council Feb 2009 to Dec 2010 left Sport England Dec 2010 Full year equivalent is	-	-	-	80 - 85 95 - 100	-	-

	2011-12	2010-11
Band of Highest Paid Director's Total Remuneration	£160k – £165k	£160 – £165
Median Total Remuneration	£40,600	£40,851
Ratio	4.0	4.0

Notes

1. Peter Rowley served as a regional champion advocate for sport as well as being a board member during 2011-12. He received remuneration for his board duties in the band £0k - £5k and for his regional champion duties in the band £5k - £10k
2. Chief Executive's remuneration package remains unchanged from 2010-11. During 2010-11, hours were reduced from 5 days per week to 4 days per week and in 2011-12 were increased from 4 days to 4.5 days per week
3. There has been no increase in pay for these Executive Directors during 2011-12. The salaries disclosed show different bandings between years because 2011-12 is the first full year of a pay increase awarded in 2010-11. The purpose of these increases was to recognise the increased responsibility taken on by those individuals when the Executive team reduced in size during 2010-11

	Salary at 31 March	
	2012	2011
Charles Johnston - Director of Property from Aug 2008	125 – 130	125 – 130
Lisa O'Keefe - Director of Sport - joint from Jul 2008	110 – 115	110 – 115
Mike Diaper OBE – Director of Community Sport from Nov 2009	95 – 100	95 – 100

	Salary at	
	Aug 2011	31 March 2011
Caroline Weber - Director of Business Partnerships from Nov 2008 to Aug 2011	105 – 110	105 – 110

4. Included in 2010-11 above are four exit packages for executive directors the details of which cannot be disclosed because the terms of their settlements included a confidentiality clause.
5. 2010-11 salary figures for board members Mich Stevenson and James Stewart have been re-stated to reflect payments for work to home travel not included in the prior year.
6. 2010-11 salary for Judith Dean has been restated to the correct value incorrectly reported in the previous Report.

Salary

'Salary' includes gross salary; performance pay 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 accounts.

Bonus

One-off performance related payment or bonus which has not been consolidated into annual gross salary. Performance pay or bonuses are based on performance levels attained and are made as part of the appraisal process and are subject to HM Treasury civil service pay guidance. There have been no non-consolidated performance or bonus payments in either 2010-11 or 2011-12. Individuals eligible for a bonus waived that entitlement in both 2010-11 and 2011-12.

Benefits in kind

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

Pay Multiples

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

The banded remuneration of the highest-paid director in Sport England in the financial year 2011-12 was £160k - £165k (2010-11: £160k - £165k). This was 4.0 times (2010-11: 4.0) the median remuneration of the workforce, which was £40,600 (2010-11: £40,851). In 2011-12: no employees (2010-11: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £11,367 to £150,000 (2010-11: £11,101 - £150,000).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments as at the 31 March. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Temporary staff covering vacancies are also included in the total remuneration figures.

There has been no movement in the band of the highest paid director nor the ratio of the median total remuneration to the highest paid director from 2010-11 to 2011-12 due to the two year pay freeze coming into force from 2010-11.

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

	Accrued pension at age 65 as at 31/03/12 £000	Real increase in pension at age 65 £000	Real increase in lump sum at age 65 £000	Lump sum at 31/03/12 £000	CETV at 31/03/12 £000	CETV at 31/03/11 £000	Real increase in CETV £000
Lisa O'Keefe * <i>Director of Sport - joint from Jul 2008</i>	15-20	0 – 2.5	(2.5) – 0	30 – 35	213	155	42
Joanna Robinson <i>Director of Regional Sport from Oct 2004</i> <i>Seconded to Commonwealth Games Council Feb 2009 to Dec 2010 left Sport England Dec 2010</i>	-	-	-	-	-	76	-

* The CETV as at the 31/03/2011 for Lisa O'Keefe has been restated due to the change in use from CPI to RPI in the calculations

Partnership Pension Accounts (subject to audit)

	Provider	Employer Contributions for the Year 2012	CETV at 31/03/12	Employer Contributions for the Year 2011	CETV at 31/03/11
		£000	£000	£000	£000
Jennie Price <i>Chief Executive from Apr 2007</i>	Standard Life	12	389	12	369
Rona Chester <i>Chief Operating Officer from Mar 2010</i>	St. James's Place	15	196	15	150
Mihir Warty <i>Director of Research and Strategy from Aug 2006 to Sep 2010</i>	Scottish Equitable Group Stakeholder Pension Scheme	-	-	5	90
Thomas Godfrey <i>Commercial Director from Oct 2007 to Sep 2010</i>	Scottish Equitable Group Stakeholder Pension Scheme	-	-	5	63
Caroline Weber <i>Director of Communications from Nov 2008 to Aug 2011</i>	Scottish Equitable Group Stakeholder Pension Scheme	3	40	8	35
Phil Smith <i>Director of Sport - joint from Sep 2008</i>	Scottish Equitable Group Stakeholder Pension Scheme	12	78	12	60
Mike Diaper OBE <i>Director of Community Sport from Nov 2009</i>	Scottish Equitable Group Stakeholder Pension Scheme	8	31	7	18
Tanya Joseph <i>Director of Business Partnerships from Jan 2012</i>	Scottish Equitable Group Stakeholder Pension Scheme	3	3	-	-
Judith Dean <i>Director of Communities from Dec 2008 to Sep 2010</i>	Scottish Equitable Group Stakeholder Pension Scheme	-	-	4	51

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.

LPFA: Employee contributions are set at the rate of 5.5-7.5% of pensionable earnings. Benefits accrued at a rate of 1/80th for each year built up in the scheme to 31 March 2008, and 1/60th from 1 April 2008. The change in the accrual rate is allied to changes in the tax free lump sum available to retirees. The English Sports Council is one of a large number of employers whose staff participates in the scheme.

GSPS: Sport England operates a GSPS with AEGON Scottish Equitable. From 1 April 2012, the provider changed to AVIVA. Colleagues choose the level of contribution into their 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 and St. James's Place: Sport England contributes 10% of the annual basic salary. The total CETV value includes Sport England as well as previous employer contributions.

Colleagues may also choose to contribute to this scheme through salary exchange arrangements.

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.

Subject to audit

Civil service compensation scheme – exit packages (comparative data is shown in brackets for the previous year)						
Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
<£10,000	Nil	(Nil)	3	(1)	3	(1)
£10,000 - £25,000	Nil	(Nil)	2	(5)	2	(5)
£25,000 - £50,000	Nil	(Nil)	1	(Nil)	1	(Nil)
£50,000 - £100,000	Nil	(Nil)	2	(Nil)	2	(Nil)
£100,000- £150,000	Nil	(Nil)	1	(Nil)	1	(Nil)
Total number of exit packages	Nil	(Nil)	9	(6)	9	(6)
Total value of exit packages			£342,433	(£97,627)		

Notes

1. Exit packages are paid under terms of employment and no ex-gratia payments were made
2. Exit packages greater than £50,000 are due to pension costs
3. The above table includes exit packages for Executive Directors. No exit packages were paid to Executive Directors in 2011-12 (2010-11: 4).

Jennie Price

Richard Lewis

Chief Executive and Accounting Officer of The English Sports Council

Chair of The English Sports Council

22 June 2012

22 June 2012

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

Richard Lewis

Chief Executive and Accounting Officer of the English Sports Council

Chair of The English Sports Council

22 June 2012

22 June 2012

Governance Statement

It is fundamental to my responsibilities as Accounting Officer to manage and control the resources used in Sport England.

The Governance Statement, a key feature of Sport England's annual report and accounts, manifests how these duties have been carried out in the course of the year. It encompasses discussion of both corporate governance and risk management.

The Accounting Officer and the Board¹, supported by our Audit, Risk and Governance Committee have considered Managing Public Money and other relevant guidance including the Corporate Governance Code as it applies to Sport England as an arm's length body (ALB).

Sport England's governance, finance, risk and control framework has been assessed in a number of ways during the year to inform this first statement. Inputs and assurances that have informed Sport England's Governance Statement have included:

- Board and sub-committee evaluations of effectiveness
- Skills assessments of the Board and its sub-committees
- Insight into the organisation's performance from internal audit, including an audit opinion on the quality of the systems of governance, management and risk control
- An internal audit review of Board and Committee Effectiveness
- Signed assurance statements to the Accounting Officer from all Executive Directors covering the risk, control and governance framework
- The Audit, Risk and Governance Committee annual report to Board
- The Senior Information Risk Owner report

- Corporate performance and financial reports provided to the Board
- Risk assessments (strategic, directorate, programme and project) and fraud risk assessments
- Third party assurance provided to the Accounting Officer and Board from sources other than internal audit
- An assessment of Sport England against the principles, government policy and supporting provisions of the Corporate Governance Code (the Code)
- An assessment of Sport England's governance framework against the key criteria for effective governance we require our core funded NGBs to meet as part of our 2013-17 funding requirements.

The Governance Framework

Sport England's governance framework consists of a Board, a number of sub-committees and two subsidiaries² that report to the Board as shown on page 40 below.

The framework is considered appropriate to meet the needs of the organisation. Sport England does not have a 'Nominations and Governance Committee'; instead these areas are largely covered by the Audit, Risk and Governance Committee and the Terms and Remuneration Committee.

Nominations for Board positions are the responsibility of DCMS supported by our Chair and all Board Members are appointed by the Secretary of State for Culture, Olympics, Media and Sport. The Board and sub-committee meetings that took place in year are summarised at the end of this statement.

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

¹ All references to 'Board' refer to the Sport England Main Board unless otherwise stated

² Caversham Lakes Trust Ltd became dormant at the end of March 2012

provide me with an assurance that proper and reasonable internal controls operated effectively and that proper standards

of conduct had been maintained during 2011/12.

Sport England Governance Framework



*Project Committee approves awards between £0.5m and £2m, with the exception of Legacy Programmes where the Committee approves awards above £100k. Awards under £100k (or £500k for themed rounds) can be approved by the relevant Directors and the CEO has delegated authority to approve awards up to £1m. The Committee makes recommendations to the Board on awards over £2m.

The Sport England Context

As well as strengthening our own governance framework and improving our own governance practices, in parallel we have continued to measure the governance, finance and control frameworks of our core funded NGBs.

During 2011/12 we set out our governance requirements (our 'Key Criteria for Effective Governance') and support for core funded NGBs for the 2013-17 funding period in our Governance Strategy: On board for better governance.

In that strategy our Chair has highlighted that "Moving forward, I intend for my Board to continue improving alongside improvements by all our partners." Our Board carried out an evaluation of its own effectiveness during the year.

We have measured Sport England against the key criteria we set our NGBs and that assessment is reflected here in our Governance Statement including those areas where we recognise we need to improve.

Key criteria for effective governance

- The legal/governance structure reflects good practice, allows for open recruitment to Board and provides adequate protection to members.
- The Board is effective. The Chair demonstrates strong leadership skills and an independent approach. The Board is well balanced, no one individual or group has unfettered powers of decision-making or dominates the Board. At least 25% of the board - and ideally a third - are independent and the Board has an appropriate balance of skills. New members have inductions, terms are normally limited to 2 x 4 years and the Board critically evaluates its performance annually.
- The Board's remit and size supports effective decision-making. Ideally the Board size should not exceed 12 members. In exceptional circumstances where the Board size exceeds this number, the NGB must be able to justify this on the basis of organisational effectiveness. The Board is strategically, not operationally, focussed. There is an effective committee structure.
- Appointments to Board for the independent posts are via an open recruitment process. All appointments, including those drawn from the membership, are informed by skills needs which are regularly assessed and there is evidence of a skills-based assessment and appointment process for all Board positions. The Board actively works to attract a diverse range of candidates representative of the community that it serves or seeks to engage. In line with the Davies report*, NGBs should aim for their Board to comprise at least 25% women (or men where they form the currently underrepresented grouping) by 2017 as part of a journey to improve the diversity of Boards.
- Decision-making processes are clearly documented, approved and communicated. Decisions are made at the appropriate level.
- Transparency and accountability is intrinsic to the way the Board, the CEO and the wider NGB operates.

* See the Davies report, 'Women on Boards' which made a number of recommendations for increasing the number of women on boards.

Parliamentary Accountability

As Accounting Officer, I have considered my accountability to Parliament as set out in relevant documentation including the principles and supporting provisions of the corporate governance code. I consider that in respect of Parliamentary Accountability we are compliant with the Code as it applies to Sport England as an ALB.

I am personally responsible and accountable to Parliament for the organisation and quality of management in Sport England, including its use of public money and the stewardship of its assets. I am also responsible for ensuring compliance with Sport England's Framework Document, Dear Accounting Officer letters and Financial Directions.

I have established and documented a clear allocation of responsibilities amongst my Executive Group and within the organisation but I retain overall personal responsibility and accountability to Parliament for:

- propriety and regularity;
- prudent and economical administration;
- avoidance of waste and extravagance;
- ensuring value for money, judged for the Exchequer as a whole, not just for Sport England;
- efficient and effective use of available resources;
- the organisation, staffing and management of Sport England.

No Ministerial Directions were received in the financial year.

The Role of the Board

We have reviewed the role of our Board against the principles, government policy and supporting provisions as set out in the corporate governance code. We largely comply with the spirit of the Code as applicable to Sport England as an arm's length body and have identified some small areas for improvement.

Our assessment confirms that overall Sport England has an effective Board, which provides leadership for Sport England's business, helping it to operate in a business-like manner. The Board operates collectively, concentrating on advising on strategic and operational issues affecting Sport England's performance as well as scrutinising and challenging its policies and performance, with a view to the long-term health and success of Sport England.

As part of their own effectiveness review, the Board assessed whether appropriate, timely information of the right length and quality is provided to them and whether management is responsive to requests for clarification or amplification. The Board's assessment was positive in this respect.

The Board also considered whether matters specifically reserved for the Board are the right ones and this area scored strongly. However, not all matters reserved for the Board are formally documented in its terms of reference, including for example responsibility for the shape and coverage of the Governance Statement. This is being taken forward by the Board Secretary so that the terms of reference fully reflect the specific responsibilities set out in our Framework Document with DCMS. The Terms of Reference will also be broadened to include vision, purpose and how the performance of the Board is appraised in line with the corporate governance code.

The Board's principal focus is on delivering Sport England's strategy by growing sports participation at a grassroots level and ensuring that the funding derived from Lottery and Exchequer sources is used to further its objectives.

Key reports which were scrutinised by the Board during the year included awards/investments (over £2m), decommitment of NGB and National Partner funding, measurement of sports participation, the management accounts, the annual report and the budget for the next financial year, decisions relating to the employee pension fund and the impact of the Bribery Act 2010 on Sport England. Considerable debate took place during the year regarding Sport England's Youth and Community Sport Strategy which was published in January 2012 and the proposed merger with UK Sport.

The Board also oversees internal controls, operating and financial performance and reviews the risk register. The Board has requested that they be provided with a balanced score card based on the information tabled in the quarterly corporate report to enable them to have a clearer snapshot of key areas of work and performance indicators for the organisation, which can be tabled at more regular intervals, as required.

The independent nature of the source of some key data underlying the quarterly corporate performance reports, for example the Active People survey, provides key assurance to the Board which is used to inform its decision making. Detailed information from the survey supported the decommitment and reallocation decisions made during the year. Outcomes of the Places People Play programme were also separately evaluated, for example Sportivate. Audit, Risk and Governance Committee has provided specific challenge on performance to target data in relation to commercial investment into sport which has been reviewed by management and reported back to it and to the Board. Finance Committee provides an on-going check and challenge role in relation to figures in the quarterly management accounts prior to the data being presented to the Board.

An Equality Group has been set up to oversee the development of Sport England's Equality Scheme and the Equality Action

Plan. The group works in partnership with Hanif Malik (one of our Board members) who has been asked to oversee equality issues on behalf of the Board.

Key reports scrutinised by the Audit Risk and Governance Committee in its assurance role for the Board included the Dutton Project Closure report. A significant number of changes to the way Sport England operates were put in place as a result of the Committee's scrutiny of progress to the report's recommendations, including in relation to how information is managed and governed.

The Committee challenged progress on Business Continuity planning, asking for regular updates to ensure adequate progress and the plan was rolled out by the end of the financial year. In relation to compliance with the Bribery Act, the Committee asked for policies to be updated to meet the requirements of the Act (including in relation to Olympic tickets if necessary) and for all staff to receive guidance and training to requested timescales. These areas were also progressed by management. The Committee commented and challenged management on key risks at each meeting with a number of risks reworded or re-assessed as a result.

The Committee specifically asked that progress on actions arising from the fraud risk assessment work be reported to them regularly. There was also significant input by the Committee in relation to finalisation of the 2010/11 accounts to help ensure that key issues arising were adequately reviewed and resolved. Internal and External Auditors were present at all Audit, Risk and Governance Committee meetings.

Board Composition

An evaluation of the skills and experience of the Board has been carried out to ensure that it is appropriate to fulfil its responsibilities, that it is balanced, diverse and manageable in size. The roles and responsibilities of Board members have also been considered. We have used the principles, government policy and supporting provisions of the corporate governance code and the requirements we

have set core funded NGBs for 2013-17 to help inform our Board composition assessment as well as the Board's own evaluation of its effectiveness. A number of the government policy areas set out in the Code do not apply to Sport England as an ALB. Other than these non-applicable areas, we are largely compliant with the spirit of the Code and have identified some small areas for improvement. We are also largely compliant with the requirements we are setting NGBs as part of 2013-17 funding and expect to become fully compliant over the next few months.

The Board consists of 11 members and the Chair all of whom are independent non-executive members. All Board and Committee appointments are made on the basis of merit and through an open and transparent recruitment process. The Board is diverse and includes three women (25% of total membership) and two BME members.

The 2011/12 Board evaluation highlighted that the Board considers its composition is appropriate with the right mix of skills to maximise performance in the light of future strategy. A skills assessment carried out in 2010 prior to recruitment of new members supports this assessment. A further skills assessment will be carried out in 2012/13.

The length of tenure of our Board and non-Board Committee members is set by DCMS. The guidance to the 2011 Code states that terms for Non-Executive Board Members should be three years and may be extended for a further three years. One of our non-Board Audit, Risk and Governance Committee members has been a member for three terms of three years. After very strong service to the Committee, this member is due to step down in June 2012. The length of tenure requirement we have set out for NGBs 'normally 2 x 4 years' will then be fully met. Due to the exceptional circumstances resulting from the merger, one Board member may have their term extended for one further year. The full length of tenure would remain in line with what Sport England requires of NGBs for 2013-17 funding.

Board Effectiveness

The Sport England Board, led by the Chair and supported by me as Accounting Officer, has assessed arrangements in place to enable it to discharge its responsibilities effectively through a variety of mechanisms including the Board evaluation, an internal audit review and the principles and supporting provisions of the corporate governance code. Sport England largely complies with the applicable supporting provisions of the corporate governance code and the requirements we have set our core funded NGBs for 2013-17. We have identified some areas for improvement.

- The Sport England Board has formal procedures in place for the appointment of Board members which are in line with the Code of Public Appointment procedures. The Code is also used as the basis of appointment for any non-board Committee members, for example our subsidiary board and non-board Audit, Risk and Governance Committee members. The Chair and the CEO regularly discuss succession planning as it applies to them and in relation to senior staff. Other systems for identifying and developing leadership and high potential within Sport England are owned by Executive Group.
- As part of their evaluation for 2011/12 Board members reported that there are sufficient board and committee meetings of appropriate length to enable proper consideration of issues and that time is used effectively.
- Induction processes were in place for new Board members appointed in the autumn of 2010 and no new Board members have been appointed since then. One of the actions coming out of the Board evaluation was that the Board Secretary will review and update induction information so that there is sufficient and clear information on Sport England, its subsidiaries, panels and regional champions. Refresher training is also to be provided to Board members on re-

appointment.

- The Board Secretary is working with the CEO and Chair to ensure papers are provided to members to allow them adequate time to review them in advance of meetings. The Board evaluation highlighted this is an area for improvement.
- In addition to the Board, the Audit, Risk and Governance Committee, Finance Committee and the Sport Council Trust Company Board carried out formal evaluations and all Board members were also subject to individual appraisals by the Chair of the Board. Our internal auditors have recommended that Project Committee also undertake such a review and this will be taken forward in 2012/13.
- A Chartered Secretary with appropriate skills and experience was appointed to provide dedicated support to the Board, its sub-committees and the subsidiary boards in November 2011.
- Audit, Risk and Governance Committee responsibilities include advising the Board on the Governance Statement.
- Declarations of interest are a standing agenda item for Board and committee meetings. Where actual or potential conflicts of interest are declared/identified members leave the room for duration of the discussion. This is common practice for the Board and its subcommittees. There is a system to record and manage conflicts and potential conflicts of interest of Board members. In administration terms this is an area that has been identified for improvement by our internal auditors.

Risk Management

The Board ensures there are effective arrangements for governance, risk management and internal control at Sport England. Advice about, and scrutiny of, key risks is a matter for the Board. The Board is

supported in this respect by the Audit, Risk and Governance Committee and an internal audit service which aims to operate in line with Government Internal Audit Standards. Supported by the Audit, Risk and Governance Committee, the Board takes the lead on and oversees the preparation of the Governance Statement.

In relation to risk management, Sport England complies both with the applicable principles, government policy and supporting provisions of the corporate governance code and the standards we have set our core funded NGBs for a number of years with one small exception. The terms of reference for our Board and Audit, Risk and Governance Committees have been identified as not published on our website and this is being addressed by our Board Secretary.

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 Treasury's Orange Book guidance on risk management and outlines the key principles underpinning our approach to the management of risk. This was revised and approved in November 2011. Executive Group regularly identifies and evaluates key risks to the delivery of Sport England's strategy.

A cyclical approach to review of strategic risk registers by Executive Group, Audit, Risk and Governance Committee and by Board operated during the year. Audit, Risk and Governance Committee scrutinises risks, risk assessments and controls and actively challenges 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.

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

- Inclusion of risk identification and

assessment sections in papers presented to Project Committee which approves all awards between £500k and £2m and Olympic Legacy awards above £100k;

- Formal identification and assessment of risks for each award assessed by grants management staff within the Corporate Service Directorate as part of the awards assessment process;
- Risk training workshops for teams and directorates;
- A detailed fraud risk assessment based on the risks and controls set out in the 'Managing the Risk of Financial Loss' toolkit. The assessment covered grants management and finance functions;
- The establishment of a cross-directorate risk group to better integrate understanding and management of strategic and operational risk across the organisation.

In December 2010 the Board held a risk workshop. Sport England's risk appetite statement, which was one of the outputs of the workshop, is set out below. It was reviewed at the February 2012 Board meeting and formally re-approved. The Board will have a full risk workshop again during 2012 at the Board Chair's and Audit, Risk and Governance Committee Chair's request.

"Sport England, as a custodian of public funds, operates within a framework of strong governance and internal control. The Board, Executive and all colleagues must be aware when risks are taken and management must ensure that adequate controls are in place to manage risks. There should be open discussion of any actual errors or mistakes or near misses so that the organisation can reflect upon and share any learning. The Board encourages an open, honest, self-aware culture in relation to risk.

Sport England's Board has defined its risk appetite as 'medium'. The Board considers that Sport England's remit is such that it has to be innovative (more so than other

landscape partners) so that it can be aspirational for sport but always within a framework of strong governance and control.”

An Executive Group risk workshop was held in February 2012 to review the strategic risk register following the publication of 2012-17 strategy. The most significant risks which are pertinent to 2012/13 are reflected in the ‘material factors’ section below.

The Accounting Officer and Audit, Risk and Governance Committee consider that the register requires some further work and this is being taken forward at the start of the 2012/13 financial year.

The Control Framework

All Executive Group members are required to provide me as Accounting Officer with an assurance that proper and reasonable internal controls have been operated effectively over the accounting period and that proper standards of conduct have been maintained. This signed assurance process has applied to all members of Executive in 2011/12, including those in post for part of the financial year only. I am aware that during the year Sport England received an anonymous call regarding a potential fraudulent match of funds to a Sportsmatch award. This is being investigated and clawback of the grant is being considered.

In relation to information governance, the Senior Information Risk Officer (SIRO) reported three data incidents to me during the year. While these were control weaknesses none were considered high risk and as a result they were not reported to the Information Commissioner. Sport England received 94 Freedom of Information requests and seven Environmental Information Regulation requests. Of those requests received, 91 were responded to during 2011/12 and of those requests, 62% were completed within the 20 working day statutory deadline. This rate of response by the statutory deadline clearly needs improvement. In 2012/13, we will monitor our response rate very closely and will aim to respond to at least 80% of the requests by

the statutory deadline.

As Accounting Officer I am satisfied that, overall, adequate controls are in place to mitigate Information Governance risks and that processes are being continuously improved in order to implement full compliance with the mandatory requirements of the Cabinet Office HMG Security Policy Framework.

A number of sources of independent assurance were in place during the 2011/12 financial year including independently assessed self-assurance returns from all NGBs and funded partners in receipt of 2009-13 funding as well as on-site audits for a sample of bodies funded through the 2009-13 programme. Project monitors were in place for a number of capital projects and surveyors provided us with assurance that key build stages had been reached for capital projects. Independent reports were also provided to me on ICT services/requirements as part of merger due diligence procedures and on the project management of SPOGO (formerly Active Places) and the future development of our Active People survey.

The above independent reports and information available to me as Accounting Officer, in addition to internal and external audit assurance, provide further assurance on the overall control framework. The Head of Internal Audit has concluded in the annual internal audit opinion that overall there has been an adequate and effective framework of governance, risk management and control that provides reasonable assurance over the achievement of objectives.

Material Factors

The factors which I consider to be material to Sport England’s governance, risk and internal control framework and our operating environment are set out below.

The merger with UK Sport has been, and continues to be, a significant risk factor. This is an area which Executive Group, the Board and I have monitored closely over the last year. We will continue to do so as the new governance and operational arrangements

are shaped and developed.

Conducting large scale, random sample surveys such as Active People (which we use to measure participation in sport) with broad local coverage is challenging, especially as mobile and digital communications increase.

My Executive Group and I, supported by the Board, have placed considerable emphasis

on planning for the 2012/13 year because of the inherent challenges that stem from both a home Olympic Games and decisions on a four-year funding cycle happening in the same period. This has been and will continue to be challenging, particularly given the wider context of the merger.

Sport England Board and Sub-Committees: Attendance Records

Name	Board	Audit, Risk and Governance Committee	Finance Committee	Project Committee	Terms and Remuneration Committee
	7	4	5	8	1
Richard Lewis (Board Chair)	7	*	-	-	1
Jill Ainscough	4	-	-	-	1
Nick Bitel	5	4	-	-	-
Clare Connor OBE	7	-	-	3	-
Mike Farrar	5	3	-	-	1
Hanif Malik	6	-	-	7	-
Sadie Mason	6	-	3	-	-
Peter Rowley	6	4	5	-	-
Mich Stevenson OBE DL	5	-	-	7	-
James Stewart OBE	2	-	4	-	-
Peter Stybelski	7	-	-	-	1
Martin Thomas	6	-	-	7	-
John Flook**	-	4	-	-	-
Paul Millman**	-	-	-	6	-
Ralph Sharp **	-	4	-	-	-

* The Board Chair attended one meeting as an observer

** Independent non-Executive and Non-Board Member

Jennie Price

Richard Lewis

Chief Executive and Accounting Officer of the English Sports Council

Chair of The English Sports Council

22 June 2012

22 June 2012

Independent auditor's report to the English Sports Council

I have audited the financial statements of the English Sports Council for the year ended 31 March 2012. These comprise the Group and the Council Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration 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 Chief Executive and Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

adequately disclosed; the reasonableness of significant accounting estimates made by the English Sports Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the English Sports Council's and the Group's affairs as at 31 March 2012 and of their net expenditure after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Royal Charter of the English Sports Council and Secretary of State directions issued thereunder.

Emphasis of matter – going concern

Without qualifying my opinion, I draw attention to note 1.2 of the financial statements concerning the application of the going concern basis in the light of Government proposals to merge the functions and expertise of the English Sports Council with the United Kingdom Sports Council. There is therefore uncertainty over the English Sports Council's ability to continue to operate in its current legal form

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Royal Charter of the English Sports Council; and
- the information given in the Our Performance; Our Corporate Structure and Finance 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 and the part of the Remuneration Report to be audited 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 Governance Statement does not reflect compliance with HM Treasury's guidance.

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

Date 4 July 2012

Group and Council statement of comprehensive net expenditure

	Note	Group 2012	2011	Council 2012	2011
		£000	£000	£000	£000
EXPENDITURE			Restated		
Staff costs	3	8,770	8,595	8,766	8,588
Grants	4	82,019	98,116	82,013	98,116
Net national sports centres costs	5	3,881	4,363	3,881	4,363
Sports development costs	6	3,755	5,170	3,755	5,170
Other operating costs	7	4,947	7,605	2,595	3,343
Pension charge/(credit) IAS 19	8	522	(4,232)	522	(4,232)
Assets gifted to subsidiaries	11	-	-	1,060	1,991
(Gain)/loss on revaluation		(309)	5,085	-	-
		103,585	124,702	102,592	117,339
INCOME					
Other operating income	2	(1,365)	(1,840)	(1,169)	(1,205)
Department for Education income: School Games	4.1	(3,910)	-	(3,910)	-
Lottery grants received		(4,054)	(767)	-	-
Other grants received		(270)	-	-	-
		(9,599)	(2,607)	(5,079)	(1,205)
Net Operating Expenditure		93,986	122,095	97,513	116,134
Dividends and interest	9	(40)	(23)	(23)	(16)
Net Operating Expenditure before Taxation		93,946	122,072	97,490	116,118
Taxation	10	6	(130)	6	(130)
Net Expenditure for the Year after Taxation		93,952	121,942	97,496	115,988
Net Operating Expenditure for the Year	17	93,952	121,942	97,496	115,988
Other Comprehensive Expenditure					
Net Operating Expenditure for the Year		93,952	121,942	97,496	115,988
(Surplus) owing to revaluation of properties	25	(390)	(6,119)	-	-
Impairment arising from transfer of subsidiary	25	-	7,719	-	-
Net loss/(gain) on financial assets	13.1	7	(6)	-	-
Actuarial loss/(gain) on pension scheme		7,172	(2,859)	7,172	(2,859)
Total Comprehensive Expenditure for the Year		100,741	120,677	104,668	113,129

All Income and Expenditure relates to continuing activities.

The notes on pages 55 to 84 form part of these financial statements

Group and council statement of financial position

	Note	2012	Group 2011	2010	2012	Council 2011	2010
		£000	£000	£000	£000	£000	£000
<u>NON CURRENT ASSETS</u>							
Property, Plant and Equipment	11	66,688	62,455	89,435	454	132	167
Intangible assets	12	469	230	255	469	230	255
Financial assets	13	598	605	599	-	-	-
		67,755	63,290	90,289	923	362	422
<u>CURRENT ASSETS</u>							
Trade and other receivables	14	8,096	5,452	6,036	6,155	5,068	5,471
Assets for resale	15	-	299	-	-	299	-
Cash and cash equivalents		2,341	2,814	3,819	2,320	2,758	3,636
		10,437	8,565	9,855	8,475	8,125	9,107
Total Assets		78,192	71,855	100,144	9,398	8,487	9,529
<u>CURRENT LIABILITIES</u>							
Net Grants Outstanding	23	(1,785)	(2,394)	(4,927)	(1,785)	(2,394)	(4,927)
Trade and other payables	16	(7,239)	(4,568)	(4,816)	(5,500)	(4,335)	(4,295)
		(9,024)	(6,962)	(9,743)	(7,285)	(6,729)	(9,222)
<u>NON CURRENT LIABILITIES</u>							
Provisions	20	(40)	(282)	-	(40)	(282)	-
Pension Liability	19	(17,454)	(13,695)	(22,205)	(17,454)	(13,695)	(22,205)
		(17,494)	(13,977)	(22,205)	(17,494)	(13,977)	(22,205)
Total Liabilities		(26,518)	(20,939)	(31,948)	(24,779)	(20,706)	(31,427)
Assets less Liabilities		51,674	50,916	68,196	(15,381)	(12,219)	(21,898)
<u>TAXPAYERS EQUITY</u>							
Revaluation Reserve	25	10,966	10,380	12,169	-	-	-
National Centres Reserve	24	34	34	34	34	34	34
General Reserve	17	58,941	55,532	75,301	2,852	2,777	(2,624)
Pension Reserve	18	(18,267)	(15,030)	(19,308)	(18,267)	(15,030)	(19,308)
Total Taxpayers Equity		51,674	50,916	68,196	(15,381)	(12,219)	(21,898)

The notes on pages 55 to 84 form part of these financial statements

Approved by the Board and signed on its behalf by

Jennie Price

Richard Lewis

Chief Executive and Accounting Officer of The English Sports Council
22 June 2012

Chair of The English Sports Council
22 June 2012

Group and Council statement of cash flows

	Note	Group		Council	
		2012 £000	2011 £000	2012 £000	2011 £000
<u>Cash Flows from Operating Activities</u>					
Net Cash Outflow from Operating Activities	27	(93,599)	(119,775)	(96,554)	(119,885)
<u>Cash Flows from Investing Activities</u>					
Purchase of Property, Plant and Equipment	11	(4,446)	(2,251)	(1,439)	(2,007)
Purchase of Intangible Assets	12	(338)	(92)	(338)	(92)
Purchase of Assets for Resale	11	299	(299)	299	(299)
Dividends and Interest Received	9	40	23	23	16
Net Cash Outflow from Investing Activities		(4,445)	(2,619)	(1,455)	(2,382)
<u>Management of Liquid Resources</u>					
Acquisition of financial investments	13	-	(599)	-	-
Disposal of financial investments		-	599	-	-
Net Cash inflow or outflow from Management of Liquid Resources		-	-	-	-
<u>Cash Flow from Financing Activities</u>					
Grant-in-Aid applied towards Revenue Expenditure		65,779	79,643	65,779	79,643
Grant-in-Aid applied towards Capital Awards		30,314	39,348	30,314	39,348
Grant-in-Aid applied towards purchase of Property, Plant and Equipment and other Assets		1,478	2,398	1,478	2,398
Net Cash Inflow from Financing Activities		97,571	121,389	97,571	121,389
Net (decrease) in cash and cash equivalents in the period	26	(473)	(1,005)	(438)	(878)
Cash and Cash Equivalents at the beginning of the period		2,814	3,819	2,758	3,636
Cash and Cash Equivalents at the end of the period		2,341	2,814	2,320	2,758
Net (decrease) in cash and cash equivalents in the period		(473)	(1,005)	(438)	(878)

The notes on pages 55 to 84 form part of these financial statements

The English Sports Council Statement of changes in taxpayers' equity

	National centres reserve	Pension reserve	General reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2010	34	(19,308)	(2,624)	(21,898)
Changes in Taxpayers' Equity for 2011				
Net Operating Expenditure for the Year	-	-	(115,988)	(115,988)
Movements in Pension Reserve	-	4,278	-	4,278
Total movement for 2011	-	4,278	(115,988)	(111,710)
Grant-in-Aid received	-	-	121,389	121,389
Balance at 31 March 2011	34	(15,030)	2,777	(12,219)
Changes in Taxpayers' Equity for 2012				
Net Operating Expenditure for the Year	-	-	(97,496)	(97,496)
Movements in Pension Reserve	-	(3,237)	-	(3,237)
Total movement for 2012	-	(3,237)	(97,496)	(100,733)
Grant-in-Aid received	-	-	97,571	97,571
Balance at 31 March 2012	34	(18,267)	2,852	(15,381)

The notes on pages 55 to 84 form part of these financial statements

The English Sports Council Group statement of changes in taxpayers' equity

	Reval reserve	National Centres reserve	Pension reserve	General reserve Restated	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2010	12,169	34	(19,308)	75,301	68,196
Changes in Taxpayers' Equity for 2011					
Net Operating Expenditure for the Year	-	-	-	(121,942)	(121,942)
Surplus owing to revaluation of properties	6,120	-	-	-	6,120
Amortisation of revaluation reserve	(190)	-	-	-	(190)
Transfer of Phoenix Sports Limited	(7,719)	-	-	(19,412)	(27,131)
Other movements in subsidiary reserves	-	-	-	196	196
Movements in Pension Reserve	-	-	4,278	-	4,278
Total movement for 2011	(1,789)	-	4,278	(141,158)	(138,669)
Grant-in-Aid Received	-	-	-	121,389	121,389
Balance at 31 March 2011	10,380	34	(15,030)	55,532	50,916
Changes in Taxpayers' Equity for 2012					
Net Operating Expenditure for the Year	-	-	-	(93,952)	(93,952)
Surplus owing to revaluation of properties	390	-	-	-	390
Amortisation of Revaluation Reserve to General Reserve	286	-	-	-	286
Revaluation adjustment Caversham Lakes	(90)	-	-	-	(90)
Other movements in subsidiary reserves	-	-	-	(210)	(210)
Movements in Pension Reserve	-	-	(3,237)	-	(3,237)
Total movement for 2012	586	-	(3,237)	(94,162)	(96,813)
Grant-in-Aid received	-	-	-	97,571	97,571
Balance at 31 March 2012	10,966	34	(18,267)	58,941	51,674

The notes on pages 55 to 84 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 2011-12 Government Financial Reporting Manual (FReM) used 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 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.

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 to fair value as determined by the relevant accounting standard. Without limiting the information given, the accounts meet the requirements of the Accounting Standards Board and the HM Treasury guidance on accounts of Non-Departmental Public Bodies, as set out in the 2011-12 Government Financial Reporting Manual (FReM), insofar as those requirements are appropriate to each of The English Sports Council and the Group.

1.2 Going concern

The Group and Council's Statement of Financial Position reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from Sport England's other sources of income, may only be met by future grants or Grant-In-Aid from Sport England's sponsoring department, the Department for Culture, Media and Sport. 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 expected to be no change to the continued provision of services by Sport England. Future financial provision has been made for Sport England's Lottery distribution activities through section 23 of the National Lottery etc. Act 1993. In addition an Exchequer settlement agreed with DCMS, subject to continuing Parliamentary approval, as part of the last Comprehensive Spending Review which runs through to 31 March 2015.

As identified on page 12 of the Annual Report, discussions to pursue the proposed structural merger of Sport England with UK Sport have currently been deferred by the Minister until after the London Games. Having considered the circumstances and from discussions with DCMS, management's expectation is that, whilst there is uncertainty over its future operational structure, Sport England will continue to operate in its current form for at least the next 12 months. 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), and Caversham Lakes Trust Limited.

The accounts of The Sports Council Trust Company, Phoenix Sports Limited (for the year ended 31 March 2011 only), 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 2012.

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

No acquisition or disposal of subsidiary undertakings occurred in the year. Please refer to note 13 for an explanation on the activities of Caversham Lakes Trust Limited during the year as the Company is now dormant. Phoenix Sports Limited was transferred out of the Group on 31 March 2011. The results of Phoenix Sports Limited are included within the Statement of Comprehensive Net Expenditure for the year ended 31 March 2011 but the Statement of Financial Position as at March 2011 does not include any assets or liabilities.

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 National Lottery Distribution 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 17).

1.5 Grants Expenditure

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 Statement of Comprehensive Net Expenditure on an accrual basis.

1.6 Apportionment of Operating Costs

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 information from the organisation's business planning process. This new methodology, which came into effect on 1 April 2011, replaces the previous time recording system. 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. Payments made into the London Pension Fund Authority Scheme, which are not current service costs, are allocated at an historic rate to reflect the allocation assessment up to the closure of the Scheme on 30 September 2005.

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 to 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 Statement of Comprehensive Net Expenditure and the interest on scheme assets and liabilities is shown in the Statement of Comprehensive Net Expenditure.

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 the historic rate of apportionment as set out in note 1.6.

1.8 Operating Leases

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

1.9 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 2011. These properties were valued by the Valuation Office Agency, an executive agency of HM Revenue & Customs providing property valuation services in accordance with the Statement of Valuation Practice published by the Royal Institution of Chartered Surveyors. Between valuations desktop valuation are carried out by the

Valuation Office at the end of each financial year. Valuations are based on Depreciated Replacement Costs (DRC) for specialist properties and open market value for other properties. 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. DRC valuations on alternative sites are based on locations currently occupied.

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

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. Grouped assets are assets, which individually, are less than £1,000 however together form a single collective asset.

1.10 Intangible assets

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

1.11 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	Infinite
Buildings	Unexpired life maximum is 65 years
Bund	42 years
Leasehold Improvement	Expected life of lease
Equipment	5 Years
IT Equipment	3 Years
IT Software	3 Years

Freehold buildings are depreciated over their specific expected 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.

1.12 Financial assets

Financial assets are recognised initially at their fair value at 31 March 2012. Income is included in the period in which it is received.

1.13 Trade receivables and payables

Trade receivables are recognised initially at fair value, less a provision for any specific 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 to the original terms of the receivables. Trade Payables are recognised initially at fair value.

1.14 Dilapidations

Full provision for the probable cost of dilapidations at the date of the expected termination of the lease is made in the

accounts in the year in which it is decided not to renew the lease.

1.15 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.

1.16 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 net of bank charges. 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. For Phoenix Sports Limited, relates to the year ended 31 March 2011 only, corporation tax is payable on interest receivable net of bank charges. Caversham Lakes Trust Limited operates on a not for profit basis for taxation purposes and accordingly taxation is currently only payable on interest receivable and rental income, less deductions for operating costs relating to that income, that arise in the year. No losses that may arise in any year are available to carry forward.

1.17 National Sports Centres

The English Sports Council via an agency agreement with The Sports Council Trust Company, acts as the agent for three National Sports Centres; Bisham Abbey, Lilleshall and Plas y Brenin. The English Sports Council, as an agent, procures and enters into management operator contracts for each of these National Sports Centres. The income and expenditure in respect of these management contacts is incorporated within the operating receipts and centre management fees. Full details of the income and expenditure are set out in note 5.

1.18 Sports development costs

Sports development costs include expenditure which 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.

1.19 Grants received and released

Government grants, including Lottery funding, in respect of capital and revenue expenditure are credited to the statement of comprehensive net expenditure in the year in which there are received in accordance with IAS 20.

This represents a change in accounting policy as recommended by the 2011-12 Government Financial Reporting Manual (FReM) used by HM Treasury. Under the previous accounting policy grants were credited to a deferred income account and then released to the statement of comprehensive net expenditure to match them with the expenditure towards which they are intended to contribute.

This revised accounting policy note requires restatement to the financial statements for the year ended 31 March 2011 as set out in note 28.

1.20 Disposal of subsidiaries

Disposals within government are accounted for in accordance with a machinery of government change whereby all transactions assets and liabilities for the current and preceding year are excluded. Disposals outside of government are accounted for by accounting for the impact of the disposal within the current year.

1.21 Assets gifted to subsidiaries

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

1.22 Inventories

Inventories, including merchandising, are valued at the lower of cost or net realisable value. No capitalisation is required for items below the capitalisation threshold set out in note 1.9.

2 Other operating income

	Group		Council	
	2012	2011	2012	2011
	£000	£000	£000	£000
Grant clawback	717	384	717	384
Management fee income	-	147	-	45
External funding income	139	228	139	228
Active people survey recharges	139	326	139	326
Asset hire recharges	94	89	94	89
Other Income	276	666	80	133
	1,365	1,840	1,169	1,205

3 Staff costs

	Group		Council	
	2012	2011	2012	2011
	£000	£000	£000	£000
Wages & salaries	3,926	5,662	3,922	5,655
Social security costs	416	547	416	547
Other pension costs	4,225	2,083	4,225	2,083
Agency staff	203	303	203	303
Aggregate Staff Costs	8,770	8,595	8,766	8,588
The aggregated staff costs covers the following areas of activity:				
Permanent & fixed term temporary staff	8,567	8,292	8,563	8,285
Agency staff	203	303	203	303
Aggregated Staff Costs	8,770	8,595	8,766	8,588

As explained in note 1.6, operating costs are apportioned between Grant-in-Aid and National Lottery Distribution fund activities. In respect of staff costs, the combined costs of Grant-in-Aid and National Lottery Distribution Fund come to £15,500k (2010: £16,112k) excluding an additional payment into the LPFA pension scheme of £6,500k (2010: £500k) as set out in note 19.1. This represents a decrease of 3.8%.

The exit packages disclosure is shown within the Remuneration Report. There were nine exit packages paid in 2011-12 with a value of £342,433 (2010-11: 6 exit packages with a total value of £97,627).

Average employee numbers of full time equivalent employees is made up as follows:

	Group		Council	
	2012	2011	2012	2011
		Restated		Restated
Permanent staff	91	107	91	107
Fixed term, temporary staff	3	3	3	3
Agency staff	4	4	4	4
Average number of employees	98	114	98	114

Employee numbers for the year ended 31 March 2011 have been restated as the calculation is now provided from the change in apportionment of operating costs as set out in note 1.6.

4. Grants

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
RESOURCE AWARDS				
NGB Whole Sport Plans – Revenue	25,382	28,755	25,382	28,755
National Partners	8,212	9,484	8,212	9,484
Places People Play	90	-	90	-
Local Provision	4,831	3,581	4,831	3,581
School Games	10,156	-	10,156	-
5 Hour Offer	-	14,560	-	14,560
Other Exchequer - Resource	3,034	2,388	3,028	2,388
TOTAL RESOURCE AWARDS	51,705	58,768	51,699	58,768
CAPITAL AWARDS				
NGB Whole Sport Plans - Capital	16,879	25,719	16,879	25,719
Football Foundation	10,000	12,000	10,000	12,000
EIS Capital	749	632	749	632
Places People Play	2,686	-	2,686	-
Other Exchequer – Capital	-	997	-	997
TOTAL CAPITAL AWARDS	30,314	39,348	30,314	39,348
TOTAL AWARDS	82,019	98,116	82,013	98,116
The aggregate amount in the 2011 is unchanged from last year at £98.1m; however the analysis by category has been revised to provide consistency with information provided to external stakeholders.				
The analysis of the net grant commitments between public and private sector recipients is:				
Private sector	79,270	86,832	79,264	86,832
Public Sector	2,749	11,284	2,749	11,284
Net Grant Commitments	82,019	98,116	82,013	98,116

4.1 Department for Education

Grant to support the delivery of competitive school sport and the School Games, £980k for volunteer coaches and leaders and £2,930k for disability.

5. National Sports Centres

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
National Sports Centres:				
Operating Receipts	5,301	5,307	5,301	5,307
Total Income from National Centres	5,301	5,307	5,301	5,307
Less Expenses:				
Centre Management Fees	8,008	7,707	8,008	7,707
Insurances	167	68	167	68
Net Rates	129	12	129	12
General Maintenance	590	853	590	853
Other Centre Expenses	288	1,030	288	1,030
Total Costs associated with National Sports Centres	9,182	9,670	9,182	9,670
Net National Sports Centres Costs	3,881	4,363	3,881	4,363

6 Sports development

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Award Programme Costs				
Local Provision	37	159	37	159
School Games	181	-	181	-
Free Swimming	8	109	8	109
Total Award Programme Costs	226	268	226	268
Legal	121	93	121	93
Surveys	1,297	2,650	1,297	2,650
Research	33	78	33	78
Facilities	336	406	336	406
Planning	544	557	544	557
Communications	49	44	49	44
Project Management	822	962	822	962
Equality Standards	5	7	5	7
Programme Development	44	105	44	105
Irrecoverable VAT	278	-	278	-
Total Sports Development Costs	3,755	5,170	3,755	5,170

The aggregate amount in the 2011 is unchanged from last year at £5,170k; however the analysis by category has been revised to provide consistency with information provided to external stakeholders.

7 Other operating costs

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Auditor's Remuneration *	74	85	51	53
Travel and Subsistence	265	323	264	319
Board Expense	43	31	43	31
Other Staff Costs	60	41	60	41
Staff Training	104	66	104	66
Property Costs – Operating Lease Rentals	1,300	1,743	1,148	1,518
IT Infrastructure and Systems Costs	454	489	454	489
Audit and Governance	77	91	77	91
Legal	95	120	95	120
Communications	82	168	82	168
Project Management	-	7	-	7
Grant Mgmt Fees (School Games Organisers)	145	-	145	-
Depreciation	2,332	3,247	156	168
Irrecoverable Value Added Tax	152	449	152	449
Other costs	(236)	745	(236)	(177)
Total Other Operating Costs	4,947	7,605	2,595	3,343

* No other payment was made to the auditors for non-audit work. The 2011 audit fee for the Group contained an £8,000 accrual for fees of Phoenix Sports Limited's accounts which was not audited by the Comptroller and Auditor General following the transfer of the Company.

The aggregate amount in the 2011 is unchanged from last year at £3,343k; however the analysis by category has been revised to provide consistency with information provided to external stakeholders.

7.2 Losses and special payments

There were no individual losses or special payments during the year ended 31 March 2012 which exceeded £250,000 (2011: £nil) and the aggregate did not exceed £250,000 (2011: £nil).

7.3 Commitments under operating leases

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Land & Buildings				
Leases – expiring within 1 year	1,770	1,765	1,770	1,765
Leases – expiring between 1 & 5 years	6,719	6,850	6,719	6,850
Leases – expiring after at least 5 years	2,726	4,358	2,726	4,358
Total value of outstanding commitments	11,215	12,973	11,215	12,973

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.

8 Pension charge/(credit)

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Pension charge/(credit) IAS19	522	(4,232)	522	(4,232)
	522	(4,232)	522	(4,232)

9 Financial asset income

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Income accrued from the following financial assets:				
Overnight and short-term investment of bank balances	23	16	23	16
Quoted stocks & securities	17	7	-	-
Total financial asset income	40	23	23	16

10 Taxation

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Corporation tax charge current year	6	1	6	1
Overpayment of tax for prior year	-	(131)	-	(131)
	6	(130)	6	(130)

The English Sports Council pays Corporation Tax at 26% (2011: 28%) on its financial asset income after deducting bank charges. The Council received a repayment in 2011.

11 Property, plant and equipment

Year Ended 31 March 2012	Land	Building	Bund	L/Hold Improvement	Equip	IT Equip	Artwork & Antiques	Under Construction	Total
Group	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost at 1 April 2011	8,288	56,809	6,468	-	2,300	864	960	-	75,689
Reclassification	-	(1,796)	-	1,796	-	-	-	-	-
Additions	-	4,187	-	92	483	379	-	624	5,765
Disposals	-	-	-	(72)	(33)	(8)	-	-	(113)
Revaluation	336	124	240	-	-	-	-	-	700
Cost at 31 March 2012	8,624	59,324	6,708	1,816	2,750	1,235	960	624	82,041
Accumulated depreciation at 1 April 2011	-	11,085	218	-	1,152	779	-	-	13,234
Reclassification	-	(858)	-	858	-	-	-	-	-
Charge for year:	-	1,578	152	130	327	45	-	-	2,232
Disposals	-	-	-	(72)	(33)	(8)	-	-	(113)
Accumulated depreciation at 31 March 2012	-	11,805	370	916	1,446	816	-	-	15,353
Net Book Value at 31 March 2012	8,624	47,519	6,338	900	1,304	419	960	624	66,688
Net Book Value at 31 March 2011	8,288	45,724	6,250	-	1,148	85	960	-	62,455

	Land	Buildings	Equip	IT Equip	Under Construction	Total
Council	£000	£000	£000	£000	£000	£000
Cost at 1 April 2011	-	-	144	864	-	1,008
Additions	-	761	299	379	-	1,439
Gifted to The Sports Council Trust Company	-	(761)	(299)	-	-	(1,060)
Disposals	-	-	-	(8)	-	(8)
Cost at 31 March 2012	-	-	144	1,235	-	1,379
Accumulated depreciation at 1 April 2011	-	-	98	778	-	876
Charge for year	-	-	12	45	-	57
Disposals	-	-	-	(8)	-	(8)
Accumulated depreciation at 31 March 2012	-	-	110	815	-	925
Net Book Value at 31 March 2012	-	-	34	420	-	454
Net Book Value at 31 March 2011	-	-	46	86	-	132

Year Ended 31 March 2011	Land	Building	Bund	Equip	IT Equip	Artwork & Antiques	Under Construction	Total
Group	£000	£000	£000	£000	£000	£000	£000	£000
Cost at 1 April 2010	12,195	87,765	-	2,351	894	960	256	104,421
Reclassification	(6,695)	(401)	7,096	-	-	-	-	-
Additions	-	1,650	-	568	33	-	-	2,251
Disposals	-	-	-	(2)	(46)	-	-	(48)
Revaluation adjustment	2,788	(10,092)	(628)	-	-	-	-	(7,932)
Transfers of PSL ownership	-	(22,369)	-	(617)	(17)	-	-	(23,003)
Transfers	-	256	-	-	-	-	(256)	-
Cost at 31 March 2011	8,288	56,809	6,468	2,300	864	960	-	75,689
Accumulated depreciation at 1 April 2010	-	12,844	-	1,350	792	-	-	14,986
Reclassification	-	(48)	48	-	-	-	-	-
Charge for year:	-	2,647	170	274	41	-	-	3,132
Disposals	-	-	-	(1)	(45)	-	-	(46)
Revaluation adjustment	-	(1,247)	-	-	-	-	-	(1,247)
Transfer of PSL ownership	-	(3,111)	-	(471)	(9)	-	-	(3,591)
Accumulated depreciation at 31 March 2011	-	11,085	218	1,152	779	-	-	13,234
Net Book Value at 31 March 2011	8,288	45,724	6,250	1,148	85	960	-	62,455
Net Book Value at 31 March 2010	12,195	74,921	-	1,001	102	960	256	89,435

	Land	Buildings	Equip	IT Equip	Under Construction	Total
Council	£000	£000	£000	£000	£000	£000
Cost at 1 April 2010	-	-	159	833	-	992
Additions	-	1,492	484	33	-	2,009
Gifted to The Sports Council Trust Company	-	(1,492)	(499)	-	-	(1,991)
Disposals	-	-	-	(2)	-	(2)
Cost at 31 March 2011	-	-	144	864	-	1,008
Accumulated depreciation at 1 April 2010	-	-	82	743	-	825
Charge for year	-	-	16	36	-	52
Disposals	-	-	-	(1)	-	(1)
Accumulated depreciation at 31 March 2010	-	-	98	778	-	876
Net Book Value at 31 March 2011	-	-	46	86	-	132
Net Book Value at 31 March 2010	-	-	77	90	-	167

11.1 Group

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

Land, buildings and bund comprise freehold properties. The historical cost of Land and Buildings at 31 March 2012 was £71,475,055 (2011: £67,630,522).

Land, buildings and bund were valued by the Valuation Office Agency on a desktop valuation basis at 31 March 2012.

Art Works and Antiques: There is a collection of art works, furniture and fittings at Bisham Abbey dating from the 16th Century. 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

12 Intangible Assets

Intangible Assets comprise software licenses and the associated implementation costs:

Group	Total £000
Cost at 1 April 2011	2,518
Additions	338
Disposals	(4)
Cost at 31 March 2012	2,852
Accumulated depreciation at 1 April 2011	2,288
Charge for Year	99
Disposals	(4)
Accumulated depreciation at 31 March 2012	2,383
Net Book Value at 31 March 2012	469
Net Book Value at 31 March 2011	230
Council	Total £000
Cost at 1 April 2011	2,485
Additions	338
Cost at 31 March 2012	2,823
Accumulated depreciation at 1 April 2011	2,255
Charge for Year	99
Accumulated depreciation at 31 March 2012	2,354
Net Book Value at 31 March 2012	469
Net Book Value at 31 March 2011	230

Year Ended 31 March 2011

Group	Total £000
Cost at 1 April 2010	2,426
Additions	92
Cost at 31 March 2011	2,518
Accumulated depreciation at 1 April 2010	2,171
Charge for Year	117
Accumulated depreciation at 31 March 2011	2,288
Net Book Value at 31 March 2011	230
Net Book Value at 31 March 2010	255
Council	Total £000
Cost at 1 April 2010	2,393
Additions	92
Cost at 31 March 2011	2,485
Accumulated depreciation at 1 April 2010	2,138
Charge for Year	117
Accumulated depreciation at 31 March 2011	2,255
Net Book Value at 31 March 2011	230
Net Book Value at 31 March 2010	255

13 Financial assets

13.1 Listed Stocks and Securities

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Cost Balance at 1 April	599	650	-	-
Disposal	-	(650)	-	-
Additions	-	599	-	-
Cost Balance at 31 March	599	599	-	-
<u>Statement of financial position</u>				
Market Value at 1 April	605	599	-	-
Write (down)/up to Market Value	(7)	6	-	-
Market Value at 31 March	598	605	-	-

Listed Stocks and Securities relate to a managed investment fund held by The English Sports Council's subsidiary The Sports Council Trust Company.

13.2 Group investments up to 31 March 2012 in subsidiary undertakings:

Company and Country of Incorporation	Financial Activity	Description & Proportion held by:
The Sports Council Trust Company (England and Wales)	Charitable Trust dedicated to the promotion of sport	The English Sports Council (inc. nominee) 100% guarantor
Caversham Lakes Trust Limited (England and Wales)	Rowing Training Facility Development	The English Sports Council (sole member) 100% guarantor

Caversham Lakes Trust Limited

Following a review of The English Sports Council's (The Council) subsidiaries, it was agreed to transfer the assets to The Sports Council Trust Company, also a subsidiary of The Council, which has responsibility for managing all National Sports Centres on behalf of The Council. Following this transfer on 29 March 2012 the Company has ceased trading and the Company has become dormant.

Phoenix Sports Limited

As stated in last year's financial statements Phoenix Sports Limited (PSL) was transferred, out of government, to Sheffield City Trust on 31 March 2011. The Group Statement of Comprehensive Net Expenditure contains the operating expenditure and income for the year ended

31 March 2011. The Group Statement of Financial Position as at 31 March 2011 excludes all assets and liabilities as these were not held by The Group. The transfer of assets and liabilities was carried out at fair values.

The value of the investment held in the accounts of the Council for PSL was £nil therefore the transfer had no impact on the Council's accounts. Under accounting standards PSL constituted a disposal group for the purposes of the transfer and accordingly it was revalued at fair values less costs to transfer as set out in the table below. This valuation was undertaken by the Valuation Office Agency and resulted in an impairment of the disposal group to £nil. The revaluation reserve had sufficient balance to accommodate this impairment of £7,719k, so the charge has been recognised in the revaluation reserve in the group accounts.

14 Trade and other receivables

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade Receivables	529	825	276	826
The English Sports Council – lottery grant receivable	1,190	-	-	-
The Royal British Legion – grant receivable	128	-	-	-
Other Receivables	591	604	591	604
Staff Loans	55	57	55	57
The Sports Council Trust Company	-	-	645	640
Caversham Lakes Trust Limited	-	-	-	1
Prepayments and Accrued Income	1,927	2,212	912	1,186
Balances with other Central Government Bodies:				
The English Sports Council	3,676	1,754	3,676	1,754
National Lottery Distribution Fund				
All amounts fall due within one year	8,096	5,452	6,155	5,068
Included in receivables are the following intra-government balances:		Restated		Restated
Other central government bodies	4,867	1,754	4,322	2,396
Local Authorities	10	233	10	233
NHS Bodies	152	189	152	189
Bodies external to government	3,067	3,276	1,671	2,250
	8,096	5,452	6,155	5,068

The amounts for 2011 have been restated for the Group and Council due to classification errors contained in last years financial statements.

15 Assets for resale

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Balance at 1 April	299	-	299	-
Movements in the year	(299)	299	(299)	299
Balance at 31 March 2012	-	299	-	299

16 Trade and other payables

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade Payables	111	188	111	189
Corporation Tax	8	-	8	-
Accruals & Deferred Income	6,667	3,992	4,928	3,758
Other Payables	453	388	453	388
All amounts falling due within one year	7,239	4,568	5,500	4,335
Included in payables are the following Intra-government balances:	662	670	17	30
Local authorities	6	10	6	10
Bodies external to government	6,571	3,888	5,477	4,295
	7,239	4,568	5,500	4,335

17 General reserve

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
At 1 April	55,491	Restated 75,260	2,742	(2,659)
Net Operating Expenditure for year	(93,952)	(121,942)	(97,496)	(115,988)
Core Grant-In-Aid received towards resource expenditure	65,776	79,658	65,776	79,658
Capital Grant-In-Aid received towards capital expenditure	31,795	41,731	31,795	41,731
Reduction arising from transfer of subsidiary	-	(19,412)	-	-
Other movements in subsidiary reserves	(210)	196	-	-
	58,900	55,491	2,817	2,742
Revenue Funds:				
National Anglers Council	6	6	-	-
Greater Manchester Fund	35	35	35	35
Total General Reserve	58,941	55,532	2,852	2,777

18 Pension reserve

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Balance at 1 April	(15,030)	(19,308)	(15,030)	(19,308)
Movements in the Year	(3,237)	4,278	(3,237)	4,278
Total Pension Reserve	(18,267)	(15,030)	(18,267)	(15,030)

19 Pension liability

19.1 London Pension Fund Authority Scheme

The number of members of the London Pension Fund Authority Superannuation Scheme (LPFA) is set below in the employers' membership statistics. This final salary 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, however the data given in this note relates just to the Council.

The pension scheme (460 English Sports Council) is a defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions for members of the Scheme amounted to £625,373 in 2012 (2011: £577,670). The Council made additional payments of £8,780,670 (2011: £2,856,764) to reduce the liability of the pension schemes. Included within these amounts are £6.5m (2011: £0.5m) which were paid on top of the minimum recommended amounts advised by the Scheme's actuary. The current forecast is to spend £533,820 on additional payments on the year ending 31 March 2013. The Council is also a member of a second closed multi-employer 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.

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) is 16.6% (2011: 15.0%).

The rate of contribution for employees is dependent on salary range. This is detailed as follows:

Employee Contribution rates for 2012 and 2011 are set out below

2012 salary range	2011 salary range	Contribution rate
Less than £12,900	Less than £12,600	5.5%
£12,901-£15,100	£12,601-£14,700	5.8%
£15,100-£19,400	£14,701-£18,900	5.9%
£19,401-£32,400	£18,901-£31,500	6.5%
£32,401-£43,300	£31,501-£42,000	6.8%
£43,301-£81,100	£42,001-£78,700	7.2%
More than £81,100	More than £78,700	7.5%

The employer contribution rate for 2013 remains at 16.6%.

These estimated figures which have been provided by the LPFA's consulting actuaries relates to Sport England as a whole.
International Accounting Standard 19

'Employees Benefits' requires the disclosure of the following additional information, in respect of the council superannuation scheme.

The independent actuary's valuation at 31 March 2012 for the purpose of IAS19, estimates a net pension liability of £40,339,000 (2011: £30,945,000).

The IAS19 valuation is for Sport England as a whole. The actuaries have not made separate valuations for the Sport England Exchequer liabilities or the Sport England Lottery Liabilities. The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies. The apportionment calculation of the net pension liability as at 31 March 2012 gives a liability for Exchequer of £17,454k (2011: £13,695k)

Employer membership statistics based as at last full triennial valuation 31 March 2010

Number of people as at 31 March 2010	460 Fund	440 Fund
Actives	90	-
Deferred Pensioners	409	239
Pensioners	148	236
Total	647	475

Statement of Financial Position Disclosure as at 31 March 2012

Year Ended 31 March	2012 £000	2011 £000	2010 £000
Present Value of Funded Liabilities	(101,820)	(85,089)	(104,596)
Fair Value of Employer Assets	68,491	60,739	57,949
Present Value of Unfunded Liabilities	(7,010)	(6,595)	(5,540)
Unrecognised Past Service Cost	-	-	-
Net Liability in Statement of Financial Position	(40,339)	(30,945)	(52,187)
Amount in the Statement of Financial Position			
Liabilities	(108,830)	(91,684)	(110,136)
Assets	68,491	60,739	57,949
Net (Liability)	(40,339)	(30,945)	(52,187)

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

Year Ended 31 March	2012 £000	2011 £000	2010 £000
Current Service Costs	661	932	352
Interest on obligation	4,988	5,754	5,081
Expected return on employer assets	(4,331)	(3,837)	(2,857)
Past service cost	-	(13,531)	-
Losses on curtailments and settlements	-	-	517
Total	1,318	(10,682)	3,093
Actual returns on Plan Assets	638	4,018	13,035

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

Year Ended 31 March	2012 £000	2011 £000	2010 £000
Opening Defined Benefit Obligation	91,684	110,136	74,962
Service Cost	661	932	352
Interest Cost	4,988	5,754	5,081
Contributions by members	275	253	304
Actuarial losses/(gains)	14,189	(8,887)	32,284
Past service cost	-	(13,531)	-
Losses on curtailments and settlements	-	-	517
Estimated unfunded benefits paid	(398)	(387)	(281)
Estimated benefits paid	(2,569)	(2,586)	(3,083)
Closing Defined Benefit Obligation	108,830	91,684	110,136

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

Year Ended 31 March	2012 £000	2011 £000	2010 £000
Opening Fair Value of Employer Assets	60,739	57,949	44,386
Expected returns on assets	4,331	3,837	2,857
Contributions by members	275	253	304
Contributions by the employer	9,805	3,539	3,589
Contributions in respect of unfunded benefits	Inc above	Inc above	Inc above
Actuarial (losses)/gains	(3,692)	(1,866)	10,177
Estimated unfunded benefits paid	Inc below	Inc below	(281)
Estimates benefits paid	(2,967)	(2,973)	(3,083)
Closing Fair Value of Employer Assets	68,491	60,739	57,949

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

Year Ended 31 March	2012	2011	2010
Assets			
Equities	73%	69%	70%
Target return funds	12%	12%	10%
Alternative assets	14%	14%	14%
Cash	1%	3%	5%
Corporate Bonds	-	2%	1%

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

Assumptions as at 31 March	2012 % per annum	2011 % per annum	2010 % per annum
Price Increases - RPI	3.3%	3.5%	3.9%
Price Increases - CPI	2.5%	2.7%	n/a
Salary Increase	4.2%	4.5%	5.4%
Pension Increase	2.5%	2.7%	3.9%
Expected Return in assets	5.9%	6.7%	6.8%
Discount Rate	4.6%	5.5%	5.5%

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

Year Ended 31 March	2012	2011 (Restated)	2010	2009	2008
	£000	£000	£000	£000	£000
Fair value of employer assets	68,491	60,739	57,949	44,386	54,536
Present value of defined obligation	(108,830)	(91,684)	(110,136)	(74,962)	(78,095)
(Deficit)	(40,339)	(30,945)	(52,187)	(30,576)	(23,559)
Experience (losses) / gains on assets	(3,692)	(1,866)	10,177	(15,654)	(5,127)
Experience gains on liabilities	76	7,812	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 into account employees' and employer's future contributions.

19.2 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 the 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 Sport England contributions using the following formulae:

- Colleague contributes 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 2012 were £565,655 (2011: £508,989).

There were no amounts outstanding or pre-paid at 31 March 2012 (2011: £ nil)

With effect from 1 April 2012 The Group Stakeholder Pension Scheme is administered by Aviva Life Services UK Limited. The contribution rates are unchanged.

20 Provisions

Full provision for the restructuring costs and the probable cost of dilapidations payable at the end of a property lease is made in the accounts in the year in which it is decided by

the Sport England Executive Group. In respect of dilapidations, this is the decision whether to renew the lease.

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Balance at 1 April	282	-	282	-
Provided during the year	-	282	-	282
(Released) during the year	(242)	-	(242)	-
Balance at 31 March	40	282	40	282

21 Contingent liabilities

Contributions 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 effluxion 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 its pre-occupied condition. Currently, no provisions have 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.

22 Capital commitment

The Group had contractual commitments for capital works amounting to £12,653,772 as at 31 March 2012 (2011: £nil). These commitments relate to building works to be carried out at The Sports Council Trust Company's National Sports Centres which

are being funded by a combination of lottery grant funding from The English Sports Council and grant funding from The Royal British Legion. This amount has not been provided in these financial statements.

23 Grant commitments

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Grants Outstanding	(1,836)	(2,394)	(1,836)	(2,394)
Deferred Grants	51	-	51	-
Net Grant Outstanding as per Statement of Financial Position	(1,785)	(2,394)	(1,785)	(2,394)
Included within grant commitments are the following intra government balances:				
Local Authorities	359	675	359	675
Bodies external to government	1,426	1,719	1,426	1,719
Grants outstanding	1,785	2,394	1,785	2,394

On the undertaking that funds are to be provided by DCMS, Sport England entered into commitments to pay grants amounting to £59,383,000 for 2013 (2012: £47,624,000).

These commitments at 31 March 2012 have not yet been recognised in the Statement of Comprehensive Net Expenditure or the Statement of Financial Position.

24 National Centres Reserve

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Balance at 1 April	34	34	34	34
Transfer from Reserve	-	-	-	-
Balance at 31 March	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 necessary, prior to Greater London Authority taking over the operation of the site.

25 Revaluation reserves

	Group	
	2012 £000	2011 £000
Land and Buildings		
Balance at 1 April	10,380	12,169
Surplus owing to revaluation of properties	390	6,119
Revaluation adjustment	(90)	-
Amortisation of revaluation reserve to income and expenditure account	286	(189)
Impairment arising from transfer of subsidiary (refer note 13.2)	-	(7,719)
Balance at 31 March	10,966	10,380

26 Reconciliation of net cash (outflow)/inflow to movement in net debt

	Group		Council	
	2012 £000	2011 £000	2012 £000	2011 £000
Cash (outflow) in the year	(473)	(1,005)	(438)	(878)
Opening net funds 1 April	2,814	3,819	2,758	3,636
Closing net funds at 31 March	2,341	2,814	2,320	2,758

27 Reconciliation of net operating expenditure to net cash (outflow) from operating activities

	Group		Council	
	2012	2011	2012	2011
	£000	£000	£000	£000
		Restated		
Net operating expenditure	(93,986)	(122,095)	(97,513)	(116,134)
Depreciation of property, plant & equip	2,332	3,249	156	169
Disposal of property, plant & equipment	-	2	-	(1)
Pension charge/(credit) IAS 19	522	(4,232)	522	(4,232)
(Gain)/loss on revaluation	(309)	5,085	-	-
Increase in capital expenditure accruals	(1,317)	-	-	-
(Increase)/decrease in receivables	(2,644)	584	(1,087)	403
Decrease in grants outstanding	(609)	(2,533)	(609)	(2,533)
Increase/(decrease) in payables	2,671	(248)	1,165	40
(Decrease)/increase in provisions	(242)	282	(242)	282
Increase in deferred grants received/released	(11)	441	-	-
Decrease in other reserves	-	(38)	-	-
Assets gifted to subsidiaries	-	-	1,060	1,991
PSL asset adjustment	-	(402)	-	-
Taxation	(6)	130	(6)	130
Net Cash (Outflow) from Operating Activities	(93,599)	(119,775)	(96,554)	(119,885)

28 Prior Year Restatement

Following a review of the accounting treatment of grants received and released, as explained in the accounting policy note 1.19, it has been necessary to restate the following amounts for The Group included in the Statement of Comprehensive Net

expenditure, Statement of Financial Position statement of changes in taxpayers' equity, General Reserves note, and the cash flow reconciliation note of net operating expenditure to net cash outflow from operating activities, as at 31 March 2011

	Previously Reported £000	Restated £000
Statement of comprehensive net expenditure - reconciliation		
Net operating expenditure for the year	120,817	121,942
Lottery grants received and released – now removed	1,840	-
Other grants received and released – now removed	52	-
Lottery grants received – now included on a received basis	(767)	-
Net operating expenditure for the year	121,942	121,942
The above sets out the effect of the change in accounting treatment onto a grants received basis.		
Statement of financial position		
Deferred Grant Reserve		
Balance 31 March 2010	36,942	-
Released to General Reserve	(36,942)	-
Restated balance 31 March 2010	-	-
Balance 31 March 2011	14,336	-
Released to General Reserve	(14,336)	-
Restated balance 31 March 2011	-	-
General Reserve		
Balance 31 March 2010	38,359	75,301
Released from Deferred Grant Reserve	36,942	-
Restated balance 31 March 2010	75,301	75,301
Balance 31 March 2011	41,196	55,532
Released from Deferred Grant Reserve	14,336	-
Restated balance 31 March 2011	55,532	55,532
Statement of taxpayers' equity		
As a result of the change in the accounting policy for grants received, grants income amounts previously recorded as movements in the Deferred Grant Reserve are now recorded in the General Reserve and the prior year figures have been restated for this.		
Cash Flow reconciliation – note 27		
Net operating expenditure	120,970	122,095
Change to deferred grants received/released	1,125	-
Net operating expenditure restated	122,095	122,095

29 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 have undertaken any material transactions with The English Sports Council during the year.

Council Members and senior executive staff maintain publicly available registers of interest, and declare any direct interest 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 2012 £	Future Awards £	Balances Remaining £	Supplier Transactions £
Department for Culture, Media and Sport (sponsoring department)				97,965,571
The Sports Council Trust Company (Subsidiary company of The English Sports Council)				
Payable			13,135,672	2,809,912
Receivable			644,975	
Richard Lewis (Chairman)				
Lawn Tennis Association (member)	5,324,161			2,276
Rugby Football League (employment)	330,426	1,593,824	1,593,824	
Nicholas Bitel (Board Member)				
Lawn Tennis Association (other)	5,324,161			2,276
England and Wales Cricket Board (other)	8,512,658	5,341,057	5,341,057	
Rugby Football Union (other)	2,667,217	4,338,855	4,338,855	
Clare Connor (Board Member)				
England and Wales Cricket Board (member)	8,512,658	5,341,057	5,341,057	
Sussex County Cricket Club (member)	12,500			
Sadie Mason (Board Member)				
England Basketball (other)	2,492,587	1,019,258	2,137,500	
Sussex County Sports Partnership Trust (employment)	383,493	20,000	297,328	
Peter Rowley (Board Member)				
Sports Coach UK (other)	2,850,000	2,800,000	2,800,000	2,160
England Athletics (member)	385,149		57,586	
Teesside University (governor)	372,000	20,000	275,000	
Peter Stybelski (Board Member)				
Cumbria County Council (previous employment)	365,500	20,000	285,333	

	Awards 2012 £	Future Awards £	Balances Remaining £	Supplier Transactions £
Martin Thomas (Board Member)				
Commonwealth Games Council for England (non-executive director)	164,889		49,769	
Jennie Price (Chief Executive)				
British Fencing Association (other)	178,923	165,287	165,287	
The Leisure Database Company (other)			Note 1	892,174
Rona Chester (Chief Operating Officer)				
Lawn Tennis Association (member)	5,324,161			2,276
England Squash (member)	1,232,826	1,307,511	891,733	
Lisa O'Keefe (Director of Sport – joint)				
British Mountaineering Council (member)	70,984	23,098	23,098	
Women's Sport and Fitness Foundation (member)	683,110	683,110	683,110	
Wooden Spoon (member)	23,000			
Phil Smith (Director of Sport – joint)				
Football Foundation (management board)	10,000,000	10,000,000	10,000,000	
Sports Coach UK (management board)	2,850,000	2,800,000	2,800,000	2,160
Mike Diaper OBE (Director of Community Sport)				
Department for Culture Media & Sport (previous employment)				61,571
Alison Selfe (Strategic Lead Grants Mgnt)				
London Borough of Havering (member)	2,000			
James Buller (Head of Shared Service Centre)				
Sport Structures Limited (family member)				76,898
PMP Consultancy Limited (previous employment)				3,596
Patrick Brosnan (Head of Grants Mgnt)				
Surrey County Council (previous employment)	395,320	20,000	289,546	

Note 1: A contract extension was signed in 2011 taking the contract value up to £4,067,000 of which £1,932,349 has been paid. This leaves a remaining balance of up to £2,134,651 subject to the terms and conditions of the contract.

30 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 Sport 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 Sport 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 Sport Council is not exposed to significant market risk. The subsidiary company board regularly undertakes reviews to mitigate the risks of performance of this instrument.

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

31 Post financial Year-end events

The Annual Report and Accounts was authorised for issue on 12 July 2012.

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 the suitable accounting policies on a consistent basis.
- Make judgments and estimates on a reasonable basis.
- State whether applicable accounting standards have been followed, and

Jennie Price

Chief Executive and Accounting Officer
of The English Sports Council

22 June 2012

disclose and explain any material departures in the financial statements and

- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that The Council will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport, has designated the Chief Executive of The English Sports Council as the Accounting Officer for The Council. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of public finances for which she is answerable, and for the keeping of proper records, are set out in "Managing Public Money", issued by the HM treasury and in the Financial Directions issued by the Secretary of State for Culture, 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 Sport Council's auditors are aware of that information.

Richard Lewis

Chair of The English Sports
Council

22 June 2012

Governance Statement

It is fundamental to my responsibilities as Accounting Officer to manage and control the resources used in Sport England.

The Governance Statement, a key feature of Sport England's annual report and accounts, manifests how these duties have been carried out in the course of the year. It encompasses discussion of both corporate governance and risk management.

The Accounting Officer and the Board³, supported by our Audit, Risk and Governance Committee have considered Managing Public Money and other relevant guidance including the Corporate Governance Code as it applies to Sport England as an arm's length body (ALB).

Sport England's governance, finance, risk and control framework has been assessed in a number of ways during the year to inform this first statement. Inputs and assurances that have informed Sport England's Governance Statement have included:

- Board and sub-committee evaluations of effectiveness
- Skills assessments of the Board and its sub-committees
- Insight into the organisation's performance from internal audit, including an audit opinion on the quality of the systems of governance, management and risk control
- An internal audit review of Board and Committee Effectiveness
- Signed assurance statements to the Accounting Officer from all Executive Directors covering the risk, control and governance framework
- The Audit, Risk and Governance Committee annual report to Board
- The Senior Information Risk Owner report

- Corporate performance and financial reports provided to the Board
- Risk assessments (strategic, directorate, programme and project) and fraud risk assessments
- Third party assurance provided to the Accounting Officer and Board from sources other than internal audit
- An assessment of Sport England against the principles, government policy and supporting provisions of the Corporate Governance Code (the Code)
- An assessment of Sport England's governance framework against the key criteria for effective governance we require our core funded NGBs to meet as part of our 2013-17 funding requirements.

The Governance Framework

Sport England's governance framework consists of a Board, a number of sub-committees and two subsidiaries⁴ that report to the Board as shown on page 87 below.

The framework is considered appropriate to meet the needs of the organisation. Sport England does not have a 'Nominations and Governance Committee'; instead these areas are largely covered by the Audit, Risk and Governance Committee and the Terms and Remuneration Committee.

Nominations for Board positions are the responsibility of DCMS supported by our Chair and all Board Members are appointed by the Secretary of State for Culture, Olympics, Media and Sport. The Board and sub-committee meetings that took place in year are summarised at the end of this statement.

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

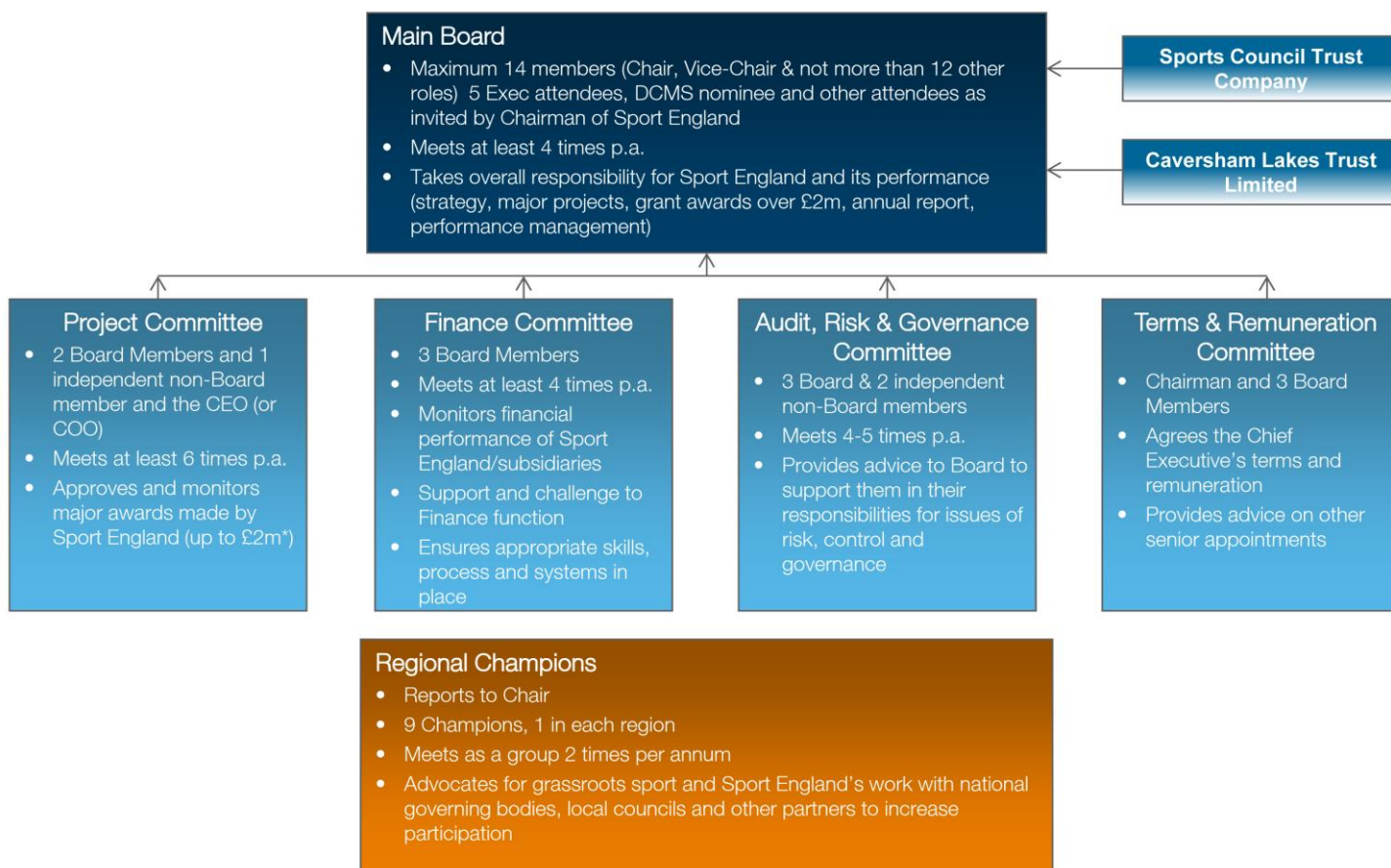
³ All references to 'Board' refer to the Sport England Main Board unless otherwise stated

⁴ Caversham Lakes Trust Ltd became dormant at the end of March 2012

me with an assurance that proper and reasonable internal controls operated effectively and that proper standards of

conduct had been maintained during 2011/12.

Sport England Governance Framework



*Project Committee approves awards between £0.5m and £2m, with the exception of Legacy Programmes where the Committee approves awards above £100k. Awards under £100k (or £500k for themed rounds) can be approved by the relevant Directors and the CEO has delegated authority to approve awards up to £1m. The Committee makes recommendations to the Board on awards over £2m.

The Sport England Context

As well as strengthening our own governance framework and improving our own governance practices, in parallel we have continued to measure the governance, finance and control frameworks of our core funded NGBs.

During 2011/12 we set out our governance requirements (our 'Key Criteria for Effective Governance') and support for core funded NGBs for the 2013-17 funding period in our Governance Strategy: On board for better governance.

In that strategy our Chair has highlighted that "Moving forward, I intend for my Board to continue improving alongside improvements by all our partners." Our Board carried out an evaluation of its own effectiveness during the year.

We have measured Sport England against the key criteria we set our NGBs and that assessment is reflected here in our Governance Statement including those areas where we recognise we need to improve.

Key criteria for effective governance

- The legal/governance structure reflects good practice, allows for open recruitment to Board and provides adequate protection to members.
- The Board is effective. The Chair demonstrates strong leadership skills and an independent approach. The Board is well balanced, no one individual or group has unfettered powers of decision-making or dominates the Board. At least 25% of the board - and ideally a third - are independent and the Board has an appropriate balance of skills. New members have inductions, terms are normally limited to 2 x 4 years and the Board critically evaluates its performance annually.
- The Board's remit and size supports effective decision-making. Ideally the Board size should not exceed 12 members. In exceptional circumstances where the Board size exceeds this number, the NGB must be able to justify this on the basis of organisational effectiveness. The Board is strategically, not operationally, focussed. There is an effective committee structure.
- Appointments to Board for the independent posts are via an open recruitment process. All appointments, including those drawn from the membership, are informed by skills needs which are regularly assessed and there is evidence of a skills-based assessment and appointment process for all Board positions. The Board actively works to attract a diverse range of candidates representative of the community that it serves or seeks to engage. In line with the Davies report*, NGBs should aim for their Board to comprise at least 25% women (or men where they form the currently underrepresented grouping) by 2017 as part of a journey to improve the diversity of Boards.
- Decision-making processes are clearly documented, approved and communicated. Decisions are made at the appropriate level.
- Transparency and accountability is intrinsic to the way the Board, the CEO and the wider NGB operates.

* See the Davies report, 'Women on Boards' which made a number of recommendations for increasing the number of women on boards.

Parliamentary Accountability

As Accounting Officer, I have considered my accountability to Parliament as set out in relevant documentation including the principles and supporting provisions of the corporate governance code. I consider that in respect of Parliamentary Accountability we are compliant with the code as it applies to Sport England as an ALB.

I am personally responsible and accountable to Parliament for the organisation and quality of management in Sport England, including its use of public money and the stewardship of its assets. I am also responsible for ensuring compliance with Sport England's Framework Document, Dear Accounting Officer letters and Financial Directions.

I have established and documented a clear allocation of responsibilities amongst my Executive Group and within the organisation but I retain overall personal responsibility and accountability to Parliament for:

- propriety and regularity;
- prudent and economical administration;
- avoidance of waste and extravagance;
- ensuring value for money, judged for the Exchequer as a whole, not just for Sport England;
- efficient and effective use of available resources;
- the organisation, staffing and management of Sport England.

No Ministerial Directions were received in the financial year.

The Role of the Board

We have reviewed the role of our Board against the principles, government policy and supporting provisions as set out in the corporate governance code. We largely comply with the spirit of the Code as applicable to Sport England as an arm's length body and have identified some small areas for improvement.

Our assessment confirms that overall Sport England has an effective Board, which provides leadership for Sport England's business, helping it to operate in a business-like manner. The Board operates collectively, concentrating on advising on strategic and operational issues affecting Sport England's performance as well as scrutinising and challenging its policies and performance, with a view to the long-term health and success of Sport England.

As part of their own effectiveness review, the Board assessed whether appropriate, timely information of the right length and quality is provided to them and whether management is responsive to requests for clarification or amplification. The Board's assessment was positive in this respect.

The Board also considered whether matters specifically reserved for the Board are the right ones and this area scored strongly. However, not all matters reserved for the Board are formally documented in its terms of reference, including for example responsibility for the shape and coverage of the Governance Statement. This is being taken forward by the Board Secretary so that the terms of reference fully reflect the specific responsibilities set out in our Framework Document with DCMS. The Terms of Reference will also be broadened to include vision, purpose and how the performance of the Board is appraised in line with the corporate governance code.

The Board's principal focus is on delivering Sport England's strategy by growing sports participation at a grassroots level and ensuring that the funding derived from Lottery and Exchequer sources is used to further its objectives.

Key reports which were scrutinised by the Board during the year included awards/investments (over £2m), decommitment of NGB and National Partner funding, measurement of sports participation, the management accounts, the annual report and the budget for the next financial year, decisions relating to the employee pension fund and the impact of the Bribery Act 2010 on Sport England. Considerable debate took place during the year regarding Sport England's Youth and Community Sport Strategy which was published in January 2012 and the proposed merger with UK Sport.

The Board also oversees internal controls, operating and financial performance and reviews the risk register. The Board has requested that they be provided with a balanced score card based on the information tabled in the quarterly corporate report to enable them to have a clearer snapshot of key areas of work and performance indicators for the organisation, which can be tabled at more regular intervals, as required.

The independent nature of the source of some key data underlying the quarterly corporate performance reports, for example the Active People survey, provides key assurance to the Board which is used to inform its decision making. Detailed information from the survey supported the decommitment and reallocation decisions made during the year. Outcomes of the Places People Play programme were also separately evaluated, for example Sportivate. Audit, Risk and Governance Committee has provided specific challenge on performance to target data in relation to commercial investment into sport which has been reviewed by management and reported back to it and to the Board. Finance Committee provides an on-going check and challenge role in relation to figures in the quarterly management accounts prior to the data being presented to the Board.

An Equality Group has been set up to oversee the development of Sport England's Equality Scheme and the Equality Action

Plan. The group works in partnership with Hanif Malik (one of our Board members) who has been asked to oversee equality issues on behalf of the Board.

Key reports scrutinised by the Audit Risk and Governance Committee in its assurance role for the Board included the Dutton Project Closure report. A significant number of changes to the way Sport England operates were put in place as a result of the Committee's scrutiny of progress to the report's recommendations, including in relation to how information is managed and governed.

The Committee challenged progress on Business Continuity planning, asking for regular updates to ensure adequate progress and the plan was rolled out by the end of the financial year. In relation to compliance with the Bribery Act, the Committee asked for policies to be updated to meet the requirements of the Act (including in relation to Olympic tickets if necessary) and for all staff to receive guidance and training to requested timescales. These areas were also progressed by management. The Committee commented and challenged management on key risks at each meeting with a number of risks reworded or re-assessed as a result.

The Committee specifically asked that progress on actions arising from the fraud risk assessment work be reported to them regularly. There was also significant input by the Committee in relation to finalisation of the 2010/11 accounts to help ensure that key issues arising were adequately reviewed and resolved. Internal and External Auditors were present at all Audit, Risk and Governance Committee meetings.

Board Composition

An evaluation of the skills and experience of the Board has been carried out to ensure that it is appropriate to fulfil its responsibilities, that it is balanced, diverse and manageable in size. The roles and responsibilities of Board members have also been considered. We have used the principles, government policy and supporting provisions of the corporate governance code and the requirements we

have set core funded NGBs for 2013-17 to help inform our Board composition assessment as well as the Board's own evaluation of its effectiveness. A number of the government policy areas set out in the Code do not apply to Sport England as an ALB. Other than these non-applicable areas, we are largely compliant with the spirit of the Code and have identified some small areas for improvement. We are also largely compliant with the requirements we are setting NGBs as part of 2013-17 funding and expect to become fully compliant over the next few months.

The Board consists of 11 members and the Chair all of whom are independent non-executive members. All Board and Committee appointments are made on the basis of merit and through an open and transparent recruitment process. The Board is diverse and includes three women (25% of total membership) and two BME members.

The 2011/12 Board evaluation highlighted that the Board considers its composition is appropriate with the right mix of skills to maximise performance in the light of future strategy. A skills assessment carried out in 2010 prior to recruitment of new members supports this assessment. A further skills assessment will be carried out in 2012/13.

The length of tenure of our Board and non-Board Committee members is set by DCMS. The guidance to the 2011 Code states that terms for Non-Executive Board Members should be three years and may be extended for a further three years. One of our non-Board Audit, Risk and Governance Committee members has been a member for three terms of three years. After very strong service to the Committee, this member is due to step down in June 2012. The length of tenure requirement we have set out for NGBs 'normally 2 x 4 years' will then be fully met. Due to the exceptional circumstances resulting from the merger, one Board member may have their term extended for one further year. The full length of tenure would remain in line with what Sport England requires of NGBs for 2013-17 funding.

Board Effectiveness

The Sport England Board, led by the Chair and supported by me as Accounting Officer, has assessed arrangements in place to enable it to discharge its responsibilities effectively through a variety of mechanisms including the Board evaluation, an internal audit review and the principles and supporting provisions of the corporate governance code. Sport England largely complies with the applicable supporting provisions of the corporate governance code and the requirements we have set our core funded NGBs for 2013-17. We have identified some areas for improvement.

- The Sport England Board has formal procedures in place for the appointment of Board members which are in line with the Code of Public Appointment procedures. The Code is also used as the basis of appointment for any non-board Committee members, for example our subsidiary board and non-board Audit, Risk and Governance Committee members. The Chair and the CEO regularly discuss succession planning as it applies to them and in relation to senior staff. Other systems for identifying and developing leadership and high potential within Sport England are owned by Executive Group.
- As part of their evaluation for 2011/12 Board members reported that there are sufficient board and committee meetings of appropriate length to enable proper consideration of issues and that time is used effectively.
- Induction processes were in place for new Board members appointed in the autumn of 2010 and no new Board members have been appointed since then. One of the actions coming out of the Board evaluation was that the Board Secretary will review and update induction information so that there is sufficient and clear information on Sport England, its subsidiaries, panels and regional champions. Refresher training is also to be provided to Board members

on re-appointment.

- The Board Secretary is working with the CEO and Chair to ensure papers are provided to members to allow them adequate time to review them in advance of meetings. The Board evaluation highlighted this is an area for improvement.
- In addition to the Board, the Audit, Risk and Governance Committee, Finance Committee and the Sport Council Trust Company Board carried out formal evaluations and all Board members were also subject to individual appraisals by the Chair of the Board. Our internal auditors have recommended that Project Committee also undertake such a review and this will be taken forward in 2012/13.
- A Chartered Secretary with appropriate skills and experience was appointed to provide dedicated support to the Board, its sub-committees and the subsidiary boards in November 2011.
- Audit, Risk and Governance Committee responsibilities include advising the Board on the Governance Statement.
- Declarations of interest are a standing agenda item for Board and committee meetings. Where actual or potential conflicts of interest are declared/identified members leave the room for duration of the discussion. This is common practice for the Board and its subcommittees. There is a system to record and manage conflicts and potential conflicts of interest of Board members. In administration terms this is an area that has been identified for improvement by our internal auditors.

Risk Management

The Board ensures there are effective arrangements for governance, risk management and internal control at Sport England. Advice about, and scrutiny of, key risks is a matter for the Board. The Board is

supported in this respect by the Audit, Risk and Governance Committee and an internal audit service which aims to operate in line with Government Internal Audit Standards. Supported by the Audit, Risk and Governance Committee, the Board takes the lead on and oversees the preparation of the Governance Statement.

In relation to risk management, Sport England complies both with the applicable principles, government policy and supporting provisions of the corporate governance code and the standards we have set our core funded NGBs for a number of years with one small exception. The terms of reference for our Board and Audit, Risk and Governance Committees have been identified as not published on our website and this is being addressed by our Board Secretary.

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 Treasury's Orange Book guidance on risk management and outlines the key principles underpinning our approach to the management of risk. This was revised and approved in November 2011. Executive Group regularly identifies and evaluates key risks to the delivery of Sport England's strategy.

A cyclical approach to review of strategic risk registers by Executive Group, Audit, Risk and Governance Committee and by Board operated during the year. Audit, Risk and Governance Committee scrutinises risks, risk assessments and controls and actively challenges 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.

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

- Inclusion of risk identification and

assessment sections in papers presented to Project Committee which approves all awards between £500k and £2m and Olympic Legacy awards above £100k;

- Formal identification and assessment of risks for each award assessed by grants management staff within the Corporate Service Directorate as part of the awards assessment process;
- Risk training workshops for teams and directorates;
- A detailed fraud risk assessment based on the risks and controls set out in the 'Managing the Risk of Financial Loss' toolkit. The assessment covered grants management and finance functions;
- The establishment of a cross-directorate risk group to better integrate understanding and management of strategic and operational risk across the organisation.

In December 2010 the Board held a risk workshop. Sport England's risk appetite statement, which was one of the outputs of the workshop, is set out below. It was reviewed at the February 2012 Board meeting and formally re-approved. The Board will have a full risk workshop again during 2012 at the Board Chair's and Audit, Risk and Governance Committee Chair's request.

"Sport England, as a custodian of public funds, operates within a framework of strong governance and internal control. The Board, Executive and all colleagues must be aware when risks are taken and management must ensure that adequate controls are in place to manage risks. There should be open discussion of any actual errors or mistakes or near misses so that the organisation can reflect upon and share any learning. The Board encourages an open, honest, self-aware culture in relation to risk.

Sport England's Board has defined its risk appetite as 'medium'. The Board considers that Sport England's remit is such that it has to be innovative (more so than other

landscape partners) so that it can be aspirational for sport but always within a framework of strong governance and control.”

An Executive Group risk workshop was held in February 2012 to review the strategic risk register following the publication of 2012-17 strategy. The most significant risks which are pertinent to 2012/13 are reflected in the ‘material factors’ section below.

The Accounting Officer and Audit, Risk and Governance Committee consider that the register requires some further work and this is being taken forward at the start of the 2012/13 financial year.

The Control Framework

All Executive Group members are required to provide me as Accounting Officer with an assurance that proper and reasonable internal controls have been operated effectively over the accounting period and that proper standards of conduct have been maintained. This signed assurance process has applied to all members of Executive in 2011/12, including those in post for part of the financial year only. I am aware that during the year Sport England received an anonymous call regarding a potential fraudulent match of funds to a Sportsmatch award. This is being investigated and clawback of the grant is being considered.

In relation to information governance, the Senior Information Risk Officer (SIRO) reported three data incidents to me during the year. While these were control weaknesses none were considered high risk and as a result they were not reported to the Information Commissioner. Sport England received 94 Freedom of Information requests and seven Environmental Information Regulation requests. Of those requests received, 91 were responded to during 2011/12 and of those requests, 62% were completed within the 20 working day statutory deadline. This rate of response by the statutory deadline clearly needs improvement. In 2012/13, we will monitor our response rate very closely and will aim to respond to at least 80% of the requests by

the statutory deadline.

As Accounting Officer I am satisfied that, overall, adequate controls are in place to mitigate Information Governance risks and that processes are being continuously improved in order to implement full compliance with the mandatory requirements of the Cabinet Office HMG Security Policy Framework.

A number of sources of independent assurance were in place during the 2011/12 financial year including independently assessed self-assurance returns from all NGBs and funded partners in receipt of 2009-13 funding as well as on-site audits for a sample of bodies funded through the 2009-13 programme. Project monitors were in place for a number of capital projects and surveyors provided us with assurance that key build stages had been reached for capital projects. Independent reports were also provided to me on ICT services/requirements as part of merger due diligence procedures and on the project management of SPOGO (formerly Active Places) and the future development of our Active People survey.

The above independent reports and information available to me as Accounting Officer, in addition to internal and external audit assurance, provide further assurance on the overall control framework. The Head of Internal Audit has concluded in the annual internal audit opinion that overall there has been an adequate and effective framework of governance, risk management and control that provides reasonable assurance over the achievement of objectives.

Material Factors

The factors which I consider to be material to Sport England’s governance, risk and internal control framework and our operating environment are set out below.

The merger with UK Sport has been, and continues to be, a significant risk factor. This is an area which Executive Group, the Board and I have monitored closely over the last year. We will continue to do so as the new governance and operational arrangements

are shaped and developed.

Conducting large scale, random sample surveys such as Active People (which we use to measure participation in sport) with broad local coverage is challenging, especially as mobile and digital communications increase.

My Executive Group and I, supported by the Board, have placed considerable emphasis

on planning for the 2012/13 year because of the inherent challenges that stem from both a home Olympic Games and decisions on a four-year funding cycle happening in the same period. This has been and will continue to be challenging, particularly given the wider context of the merge

Sport England Board and Sub-Committees: Attendance Records

Name	Board	Audit, Risk and Governance Committee	Finance Committee	Project Committee	Terms and Remuneration Committee
	7	4	5	8	1
Richard Lewis (Board Chair)	7	*	-	-	1
Jill Ainscough	4	-	-	-	1
Nick Bitel	5	4	-	-	-
Clare Connor OBE	7	-	-	3	-
Mike Farrar	5	3	-	-	1
Hanif Malik	6	-	-	7	-
Sadie Mason	6	-	3	-	-
Peter Rowley	6	4	5	-	-
Mich Stevenson OBE DL	5	-	-	7	-
James Stewart OBE	2	-	4	-	-
Peter Stybelski	7	-	-	-	1
Martin Thomas	6	-	-	7	-
John Flook**	-	4	-	-	-
Paul Millman**	-	-	-	6	-
Ralph Sharp **	-	4	-	-	-

* The Board Chair attended one meeting as an observer

** Independent non-Executive and Non-Board Member

Jennie Price

Richard Lewis

Chief Executive and Accounting Officer of the English Sports Council

Chair of The English Sports Council

22 June 2012

22 June 2012

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the English Sports Council Lottery Distribution Fund for the year ended 31 March 2012 under the National Lottery etc. Act 1993. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration 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 Chief Executive and Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are

free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the English Sports Council 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; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the English Sports Council Lottery Distribution Fund's affairs as at 31 March 2012 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

Emphasis of matter – going concern

Without qualifying my opinion, I draw attention to note 1.2 of the financial statements concerning the application of the going concern basis in the light of Government proposals to merge the functions and expertise of the English Sports Council with the United Kingdom Sports Council. There is therefore uncertainty over the English Sports Council's ability to continue to operate in its current legal form

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc. Act 1993; and
- the information given in the Our Performance; Our Corporate Structure and Finance 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 and the part of the Remuneration Report to be audited 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 Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Date 4 July 2012

Statement of comprehensive net expenditure

	Note	2012 £000	2011 £000
EXPENDITURE			
Grant commitments made in the year	2	168,205	71,372
Grant de-commitments occurring in year	2	(4,733)	(4,334)
Staff costs	3	13,234	8,024
Sport development costs	4	8,302	3,806
Other operating costs	5	3,933	3,613
Pension charge/(credit) IAS19	6	796	(6,450)
		189,737	76,031
INCOME			
Share of proceeds from the National Lottery	7	160,131	132,887
Investment returns from the National Lottery	7	3,444	1,543
Bank interest receivable		8	5
Grant recoveries	8	151	161
		163,734	134,596
Net (Expenditure)/Income before Taxation		(26,003)	58,565
Taxation	9	(3)	409
Net (Expenditure)/Income for the Year		(26,006)	58,974

Other Comprehensive Expenditure			
		2012 £000	2011 £000
Net (Expenditure)/Income for the Year		(26,006)	58,974
Actuarial (loss)/gain on pension scheme		(10,709)	4,162
Total Comprehensive (Expenditure)/ Income for the Year		(36,715)	63,136

All Income and Expenditure relates to continuing activities
The notes on pages 101 to 120 form part of these financial statements

Statement of financial position

	Note	2012 £000	2011 £000
<u>CURRENT ASSETS</u>			
Financial assets	7	140,082	183,307
Trade and other receivables	11	60	71
Cash and cash equivalents	19	1,535	267
Total Current Assets		141,677	183,645
<u>NON CURRENT ASSETS</u>			
Trade and other receivables over one year	11	360	435
Total Non Current Assets		360	435
Total Assets		142,037	184,080
<u>CURRENT LIABILITIES</u>			
Trade and other payables	12	4,430	1,755
Hard grant commitments	14	156,218	127,963
Total Current Liabilities		160,648	129,718
Total Assets less current liabilities		(18,611)	54,362
<u>NON CURRENT LIABILITIES</u>			
Pension liabilities	13	22,885	17,250
Hard grant commitments	14	38,569	86,332
Total Non Current Liabilities		61,454	103,582
Assets less Liabilities		(80,065)	(49,220)
<u>EQUITY</u>			
General reserve	16	(56,331)	(30,325)
Pension reserve	16	(23,734)	(18,895)
Total Equity		(80,065)	(49,220)

The notes on pages 101 to 120 form part of these financial statements

Jennie Price

Richard Lewis

Chief Executive and Accounting Officer
of The English Sports Council

Chair of The English Sports
Council

22 June 2012

22 June 2012

Statement of cash flows

	Note	2012 £000	2011 £000
<u>Cash Flows from Operating Activities</u>			
Cash drawn down from NLDF	7	206,800	138,200
Other Income		237	549
Awards payments	14	(182,980)	(122,984)
Staff Costs	3	(13,234)	(8,024)
Sports Development Costs	4	(8,302)	(3,806)
Other Operating Costs		(1,258)	(4,522)
Corporation Tax Paid	9	(3)	409
Net Cash Inflow/(outflow) from operating activities	17	1,260	(178)
<u>Cash Flows from Investing Activities</u>			
Bank Interest Received		8	5
Net Cash Inflow/(outflow)	19	1,268	(173)

The notes on pages 101 to 120 form part of these financial statements

Statement of changes in equity

	Note	Pension Reserve £000	General Reserve £000	Total £000
Balance at 1 April 2010		(25,177)	(89,299)	(114,476)
Changes in Equity for 2011				
Net Income for the year		-	58,974	58,974
Movements in Pension reserve	16	6,282	-	6,282
Total movement for 2011		6,282	58,974	65,256
Balances at 31 March 2011		(18,895)	(30,325)	(49,220)
Changes in Equity for 2012				
Net Expenditure for the year		-	(26,005)	(26,005)
Movements in Pension reserve	16	(4,839)	-	(4,839)
Total movement for 2012		(4,839)	(26,005)	(30,844)
Balance at 31 March 2012		(23,734)	(56,330)	(80,064)

The notes on pages 101 to 120 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 2011-12 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 the 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.

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 as set out in the 2011-12 Government Financial Reporting Manual (FReM), and the National Lottery etc. Act 1993 (as amended) insofar as those requirements are appropriate to The English Sports Council 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 commitment basis (see 1.3 below).

In compliance with Section 35 of the National Lottery etc. Act 1993 (as amended), the accounts cover the year to 31 March 2012. Comparative figures are shown for the year ended 31 March 2011.

Separate accounts have been prepared for The English Sports Council activities 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 Going Concern

The grant commitments for future years (refer Note 14) have been entered into after consideration of the cash requirements of grant recipients (these can extend over a number of years) and after taking account of income forecasts provided by the Department for Culture, Media and Sport including the transfer of funds to the Olympic Lottery Distribution Fund. In taking this view of future income the Board assumes as a matter of public policy the continued operation of the Lottery. The Board has taken into consideration the impact of the changes to income share agreed by Parliament and have considered the impact on existing commitments recorded in these financial statements.

There is expected to be no change to the continued provision of services by Sport England. Future financial provision has been made for Sport England's Lottery distribution

activities through section 23 of the National Lottery etc. Act 1993. In addition an Exchequer settlement agreed with DCMS, subject to continuing Parliamentary approval, as part of the last Comprehensive Spending Review which runs through to 31 March 2015.

As identified on page 12 of the Annual Report, discussions to pursue the proposed structural merger of Sport England with UK Sport have currently been deferred by the Minister until after the London Games. Having considered the circumstances and from discussions with DCMS, management's expectation is that, whilst there is uncertainty over its future operational structure, Sport England will continue to operate in its current form for at least the next 12 months. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.3 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:

1.3.1 a 'hard commitment' occurs when a firm offer of award has been made by the Council and this offer has been accepted, together with any conditions upon which the award has been made; and

1.3.2 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.

Only 'hard commitments' are recognised in the Statement of Comprehensive Net Expenditure and are shown in Note 14. 'Soft commitments' are detailed in Note 15.

1.4 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 English Sports Council 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 provision 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.

1.5 Apportionment of operating costs

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 information from the organisation's business planning process. This new methodology, which came into effect on 1 April 2011, replaces the previous time recording system. 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 National Lottery Distribution Fund activities will be reimbursed from the National Lottery Distribution Fund to the Grant-In-Aid account. The National Lottery Fund bears its full share of costs properly attributable to the fund. Payments made into the London Pension Fund Authority Scheme, which are not current service costs, are allocated at an historic rate to reflect the allocation assessment up to the closure of the Scheme on 30 September 2005.

1.6 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 benefits accrued are used to determine the pension charge in the Statement of Comprehensive Net Expenditure and the interest on scheme assets and liabilities is shown in the Statement of Comprehensive Net Expenditure.

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 of 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 the historic rate of apportionment as set out in note 1.6.

1.7 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 English Sports Council National Lottery Distribution Fund is shown in the accounts and, as at 31 March 2012, has been certified by the Secretary of State for Culture, Olympics, Media and Sport as being available for distribution by The English Sports Council National Lottery Distribution

Fund in respect of current and future commitments.

1.8 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 net of bank charges. Investment income generated on balances held and invested by the National Lottery Distribution Fund on The English Sport Council's behalf is not taxable.

1.9 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.

1.10 Sports development costs

Sports development costs include expenditure incurred which 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 Grant Commitments

Grant commitments and grant de-commitments are summarised below:

	2012 £000	2011 £000
Grant commitments made in the year	168,205	71,372
Grant de-commitments occurring in year	(4,733)	(4,334)
Net Grant Commitments	163,472	67,038

A summary of the net grant commitments is set out below

	2012 £000	2011 £000
<u>NGB Whole Sport Plans</u>		
Whole Sport Plan	6,997	5,920
Whole Sport Plan - Decommitments	(2,546)	(1,451)
Total NGB Whole Sport Plans	4,451	4,469
National Centres Capital Funding - EIS Sheffield	4,269	775
<u>Places People Play</u>		
Iconic Facilities/Sustainable Facilities Investment	22,721	6,713
Inspired Facilities	15,275	-
Protecting Playing Fields	3,760	-
Sport Makers	2,568	-
Sportivate	31,671	-
Total Places People Play	75,995	6,713
<u>Local Provision</u>		
Community Investment Fund	459	11,758
County Sports Partnerships	14,955	9,833
Themed Rounds	8,424	13,899
Small Grants	6,214	6,992
Innovation Fund	178	970
Total Local Provision	30,230	43,452
Olympic Venues	34,000	10,500
School Games	12,863	1,154
Connecting Sport	1,700	-
Other Programmes	198	1,786
Historical Decommitments	(234)	(1,811)
Total Lottery Awards	163,472	67,038
The aggregate amount in the 2011 is unchanged from last year at £67,038k; however the analysis by programme has been revised to provide consistency with information provided to external stakeholders.		
The analysis of the net grant commitments between public and private sector recipients is:		
Public sector	99,955	25,259
Private Sector	63,517	41,779
Net Grant Commitments	163,472	67,038

3 Staff costs

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

	2012 £000	2011 £000
Wages and Salaries	5,990	4,627
Social Security Costs	618	454
Other Pension Costs	6,302	2,620
Agency Staff	324	323
Aggregate Staff Costs	13,234	8,024
The aggregate staff costs cover the following areas of activity:		
Permanent & fixed term temporary staff	12,910	7,701
Agency staff	324	323
Aggregate Staff Costs	13,234	8,024

As explained in note 1.5, operating costs are apportioned between Grant-in-Aid and National Lottery Distribution fund activities. In respect of staff costs, the combined costs of Grant-in-Aid and National Lottery Distribution fund come to £15,500k (2011: £16,112k) excluding an additional payment into the LPFA pension scheme of £6,500k (2011: £500k) as set out in note 13.1. This represents a decrease of 3.8%.

The Exit packages disclosure is shown within the Remuneration Report. There were 9 exit packages paid in 2011-12 with a value of £342,433 (2011: 6 exit packages with a total value of £97,627).

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

	2012	2011
Permanent Staff	134	Restated 107
Fixed Term Temporary Staff	4	4
Agency Staff	7	5
Average number	145	116

Employee numbers for the year ended 31 March 2011 have been restated as the calculation is now provided from the change in apportionment of operating costs as set out in note 1.5.

4 Sports development costs

	2012 £000	2011 £000
<u>Award Programme Costs</u>		
Places People Play	2,981	63
Local Provision	122	20
School Games	27	-
Total Award Programme Costs	3,130	83
Legal	161	105
Surveys	1,961	2,305
Research	77	54
Facilities	256	187
Planning	719	524
Communications	72	26
Project Management	562	460
Equality Standards	6	10
Programme Development	112	52
Irrecoverable VAT	1,246	-
Total Sports Development Costs	8,302	3,806

The aggregate amount in the 2011 is unchanged from last year at £3,806m; however the analysis by category has been revised to provide consistency with information provided to external stakeholders.

5 Other operating costs

	2012 £000	2011 £000
Auditor's Remuneration*	51	53
Audit and Governance	117	103
Travel and Subsistence	371	250
Board Expenses	65	29
Other Staff Costs	89	46
Staff Training	158	75
Property and Office Costs	1,761	1,458
IT Infrastructure and System Costs	710	635
Legal	139	121
Communications	306	193
Project Management	-	8
Irrecoverable VAT	754	1,344
Olympic Legacy	20	19
Asset Hire Recharges	94	89
Other operating income	(343)	(555)
Interest received on Corporation Tax Refund	-	(67)
Other Costs	(359)	(188)
Total Other Operating Costs	3,933	3,613

* No other payment was made to the auditors for non-audit work.

5.1 Losses and special payments

There were no individual losses or special payments during the year ended 31 March 2012 which exceeded £250,000 (2011: £nil)

and the aggregate did not exceed £250,000 (2011: £nil).

6 Pension charge/ (credit)

	2012 £000	2011 £000
Pension charge/(credit) IAS19	796	(6,450)
Total Pension charge/(credit)	796	(6,450)

7 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:

	2012 £000	2011 £000
Balance brought forward	183,307	187,077
Share of net operator proceeds	187,031	159,787
Less: Olympic contribution	(26,900)	(26,900)
Net operator proceeds	160,131	132,887
Financial assets returns	1,345	1,207
Realised gain on sale of investments	-	651
Unrealised gain/(loss)	2,099	(315)
Net financial asset returns	3,444	1,543
Total net operator proceeds and financial asset returns	163,575	134,430
Funds drawn down	(206,800)	(138,200)
Balance carried forward	140,082	183,307

The above balances are based on the distribution of National Lottery Funds as set out in the National Lottery etc. Act 1993 (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 London Games; Sport England is committed to contribute until 2012-13.

8 Grant recoveries

	2012 £000	2011 £000
Clawback of grant awards	151	161
Total Grant Recoveries	151	161

9 Taxation

	2012 £000	2011 £000
UK corporation tax @ 26% (2011: 28%)		
Adjustment for prior years	(1)	411
Current tax charge	(2)	(2)
Total Taxation (refund)/charge/	(3)	409

10 Capital commitments

There are no capital commitments as at 31 March 2012 (2011: £nil)

11 Trade and other receivables

	2012 £000	2011 £000
Amounts falling due within one year		
Trade receivables	60	71
Amounts falling due after more than one year		
Trade receivables	360	435
Total Trade and Other Receivables	420	506
Included in Receivables are the following intra-government balances:		
Local authorities	-	26
Bodies external to government	420	480
	420	506

12 Trade and other payables

	2012 £000	2011 £000
The English Sports Council – Exchequer	3,676	1,755
Amount due to Big Lottery Fund	754	-
Total Trade and Other Payables	4,430	1,755
Included in payables are the following intra-government balances:		
Other central government bodies	4,430	1,755
Total intra-government balance	4,430	1,755

13 Pension liability

13.1 London Pension Fund Authority Scheme

The number of members of the London Pension Fund Authority Superannuation Scheme (LPFA) is set below in the employers' membership statistics. This final salary 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, however the data given in this note relates just to the Council.

The pension scheme (460 English Sports Council) is a defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions for members of the Scheme amounted to £625k in 2012 (2011: £579k). The Council made additional payments of £8,781k (2011: £2,857k) to reduce the liability of the pension schemes. Included within these amounts are £6,500k (2011: £500k) which were paid on top of the minimum recommended amounts advised by the Scheme's actuary. The Council is also a member of a second closed multi-employer 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.

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) is 16.6% (2011: 15.0%).

The rate of contribution for employees is dependent on salary range. This is detailed as follows:

Employee Contribution rates for 2012 and 2011 are set out below

2012 salary range	2011 salary range	Contribution rate
Less than £12,900	Less than £12,600	5.5%
£12,901-£15,100	£12,601-£14,700	5.8%
£15,100-£19,400	£14,701-£18,900	5.9%
£19,401-£32,400	£18,901-£31,500	6.5%
£32,401-£43,300	£31,501-£42,000	6.8%
£43,301-£81,100	£42,001-£78,700	7.2%
More than £81,100	More than £78,700	7.5%

The employer contribution rate for 2013 remains at 16.6%. These estimated figures which have been provided by the LPFA's consulting actuaries relate to Sport England

as a whole. International Accounting Standard 19 'Employees Benefits' requires the disclosure of the following additional

information, in respect of the council pension scheme.

The independent actuary's valuation at 31 March 2012, for the purpose of IAS19, estimates a net pension liability of £40,339k (2011: £30,945k).

The IAS19 valuation is for Sport England as a whole. The actuaries have not made separate valuations for the Sport England Exchequer

liabilities or the Sport England National Lottery Distribution Fund liabilities. The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies. The apportionment calculation of the net pension liability as at 31 March 2012 gives a liability for Lottery of £22,885k (2011: £17,250k).

Employer membership statistics based as at last full triennial valuation 31 March 2010

Number of people as at 31 March 2010	460 Fund	440 Fund
Actives	90	-
Deferred Pensioners	409	239
Pensioners	148	236
Total	647	475

Statement of Financial Position Disclosure as at 31 March 2012

Year Ended 31 March	2012 £000	2011 £000	2010 £000
Present Value of Funded Liabilities	(101,820)	(85,089)	(104,596)
Fair Value of Employer Assets	68,491	60,739	57,949
Present Value of Unfunded Liabilities	(7,010)	(6,595)	(5,540)
Net Liability in Statement of Financial Position	(40,339)	(30,945)	(52,187)
Amount in the Statement of Financial Position			
Liabilities	(108,830)	(91,684)	(110,136)
Assets	68,491	60,739	57,949
Net (Liability)	(40,339)	(30,945)	(52,187)

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

Year Ended 31 March	2012 £000	2011 £000	2010 £000
Current Service Costs	661	932	352
Interest on obligation	4,988	5,754	5,081
Expected return on employer assets	(4,331)	(3,837)	(2,857)
Past service cost	-	(13,531)	-
Losses on curtailments and settlements	-	-	517
Total	1,318	(10,682)	3,093
Actual returns on Plan Assets	638	4,018	13,035

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

Year Ended 31 March	2012 £000	2011 £000	2010 £000
Opening Defined Benefit Obligation	91,684	110,136	74,962
Service Cost	661	932	352
Interest Cost	4,988	5,754	5,081
Contributions by members	275	253	304
Actuarial losses/(gains)	14,189	(8,887)	32,284
Past service (gains)	-	(13,531)	-
Losses on curtailments and settlements	-	-	517
Estimated unfunded benefits paid	(398)	(387)	(281)
Estimated benefits paid	(2,569)	(2,586)	(3,083)
Closing Defined Benefit Obligation	108,830	91,684	110,136

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

Year Ended 31 March	2012 £000	2011 £000	2010 £000
Opening Fair Value of Employer Assets	60,739	57,949	44,386
Expected returns on assets	4,331	3,837	2,857
Contributions by members	275	253	304
Contributions by the employer	9,805	3,539	3,589
Contributions in respect of unfunded benefits	Inc above	Inc above	Inc above
Actuarial (losses)/gains	(3,692)	(1,866)	10,177
Estimated unfunded benefits paid	Inc below	Inc below	(281)
Estimated benefits paid	(2,967)	(2,973)	(3,083)
Closing Fair Value of Employer Assets	68,491	60,739	57,949

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

Year Ended 31 March	2012	2011	2010
Assets			
Equities	73%	69%	70%
Target return funds	12%	12%	10%
Alternative assets	14%	14%	14%
Cash	1%	3%	5%
Other Bonds	-	2%	1%

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

Assumptions as at 31 March	2012	2011	2010
	% per annum	% per annum	% per annum
Price Increases - RPI	3.3%	3.5%	3.9%
Price Increases - CPI	2.5%	2.7%	n/a
Salary Increase	4.2%	4.5%	5.4%
Pension Increase	2.5%	2.7%	3.9%
Expected Return in assets	5.9%	6.7%	6.8%
Discount Rate	4.6%	5.5%	5.5%

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

Year Ended 31 March	2012	2011	2010	2009	2008
		(Restated)			
	£000	£000	£000	£000	£000
Fair value of employer assets	68,491	60,739	57,949	44,386	54,536
Present value of defined obligation	(108,830)	(91,684)	(110,136)	(74,962)	(78,095)
(Deficit)	(40,339)	(30,945)	(52,187)	(30,576)	(23,559)
Experience (losses)/gains on assets	(3,692)	(1,866)	10,177	(15,654)	(5,127)
Experience gains on liabilities	76	7,812	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 into account employees' and employer's future contributions.

13.2 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 the 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 Sport England contributions using the following formulae:

- Colleague contributes 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 same year ended 31 March 2012 were £565,655 (2011: £508,989).

There were no amounts outstanding or pre-paid at 31 March 2012 (2011: £ nil).

With effect from 1 April 2012 The Group Stakeholder Pension Scheme is administered by Aviva Life Services UK. Limited. The contribution rates are unchanged.

14 Hard commitments

	2012 £000	2011 £000
Hard commitments brought forward	214,295	270,241
Hard commitments paid	(182,980)	(122,984)
Hard de-commitments	(4,733)	(4,334)
Hard commitments entered into	168,205	71,372
Hard commitments carried forward as at 31 March	194,787	214,295

	2012 £000	2011 £000
Amounts due during 2012 Financial Year	-	127,963
Amounts due during 2013 Financial Year	156,218	81,228
Amounts due during 2014 Financial Year	27,336	5,104
Amounts due during 2015 Financial Year	10,261	-
Amounts due during 2016 Financial Year	972	-
Hard commitments carried forward as at 31 March	194,787	214,295
Included within hard commitments are the following intra-government balances:		
Other central government bodies	13,818	675
NHS Bodies	654	872
Local Authorities	52,308	45,185
Bodies external to government	128,007	167,563
Total intra-government balances	194,787	214,295

As explained in the Accounting Policies note, hard commitments are charged to the Statement of Net Comprehensive 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 are 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.

15 Soft commitments

	2012 £000	2011 £000
Soft Commitments brought forward	127,536	95,720
Soft Commitments transferred to hard commitments	(168,205)	(71,372)
Soft de-commitments entered into	96,727	103,188
Soft Commitments carried forward as at 31 March	56,058	127,536

Soft Commitments are the aggregate of award offers made which have not yet been accepted by the award recipient and the award decision has been approved by the relevant authority and where no formal award offer has been sent at 31 March 2012.

The amounts committed to hard and soft commitments exceed the available resources by £136,122k (2011: £176,756k). It has been the policy of Sport England to make forward commitments against future income streams to speed up the outflow of lottery cash, which is in line with DCMS policy.

16 General reserves

	2012 £000	2011 £000
(Deficit) brought forward	(49,220)	(114,476)
(Decrease)/increase in lottery for the year	(26,006)	58,974
Movement in pension plan	(4,839)	6,282
(Deficit) carried forward	(80,065)	(49,220)
Analysed as follows		
General reserve	(56,331)	(30,325)
Pension reserve	(23,734)	(18,895)
(Deficit) carried forward	(80,065)	(49,220)

17 Reconciliation of increase/(decrease) in Lottery funds before taxation to net cash inflow/(outflow) from operating expenses

	2012 £000	2011 £000
(Decrease)/increase in lottery before taxation	(26,003)	58,565
Decrease in trade and other receivables	86	388
(Decrease) in trade and other payables and grant commitments	(11,198)	(69,587)
Interest receivable	(8)	(5)
Corporation tax	(3)	409
Movement in pension liabilities	(4,839)	6,282
Decrease in NLDF	43,225	3,770
Net cash inflow/(outflow) from operating activities	1,260	(178)

18 Reconciliation of Net Cash Flow to Movement in Net Funds

	2012 £000	2011 £000
Increase/(Decrease) in Cash	1,268	(173)
Movement in liquid resources - NLDF balances	(43,225)	(3,770)
(Decrease) in Net Funds	(41,957)	(3,943)
Net Funds brought forward	183,574	187,517
Net Funds carried forward	141,617	183,574

19 Change in cash during the year

	2012 £000	2011 £000
Opening Cash Balance	267	440
Net Cash Inflow/(Outflow)	1,268	(173)
Cash and Bank Balances at Year End	1,535	267

20 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, discussions 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 2012 £	Future Awards £	Balances Remaining £	Supplier Transactions £
Department for Culture, Media and Sport (sponsoring department)				97,965,571
The Sports Council Trust Company (Subsidiary company of The English Sports Council)				
Payable			13,135,672	2,809,912
Receivable			644,975	
Richard Lewis (Chairman)				
Lawn Tennis Association (member)	5,324,161			2,276
Rugby Football League (employment)	330,426	1,593,824	1,593,824	
Nicholas Bitel (Board Member)				
Lawn Tennis Association (other)	5,324,161			2,276
England and Wales Cricket Board (other)	8,512,658	5,341,057	5,341,057	
Rugby Football Union (other)	2,667,217	4,338,855	4,338,855	
Clare Connor (Board Member)				
England and Wales Cricket Board (member)	8,512,658	5,341,057	5,341,057	
Sussex County Cricket Club (member)	12,500			
Sadie Mason (Board Member)				
England Basketball (other)	2,492,587	1,019,258	2,137,500	
Sussex County Sports Partnership Trust (employment)	383,493	20,000	297,328	
Peter Rowley (Board Member)				
Sports Coach UK (other)	2,850,000	2,800,000	2,800,000	2,160
England Athletics (member)	385,149		57,586	
Teesside University (governor)	372,000	20,000	275,000	
Peter Stybelski (Board Member)				
Cumbria County Council (previous employment)	365,500	20,000	285,333	

	Awards 2012 £	Future Awards £	Balances Remaining £	Supplier Transactions £
Martin Thomas (Board Member)				
Commonwealth Games Council for England (non-executive director)	164,889		49,769	
Jennie Price (Chief Executive)				
British Fencing Association (other)	178,923	165,287	165,287	
The Leisure Database Company (other)			Note 1	892,174
Rona Chester (Chief Operating Officer)				
Lawn Tennis Association (member)	5,324,161			2,276
England Squash (member)	1,232,826	1,307,511	891,733	
Lisa O'Keefe (Director of Sport – joint)				
British Mountaineering Council (member)	70,984	23,098	23,098	
Women's Sport and Fitness Foundation (member)	683,110	683,110	683,110	
Wooden Spoon (member)	23,000			
Phil Smith (Director of Sport – joint)				
Football Foundation (management board)	10,000,000	10,000,000	10,000,000	
Sports Coach UK (management board)	2,850,000	2,800,000	2,800,000	2,160
Mike Diaper OBE (Director of Community Sport)				
Department for Culture Media & Sport (previous employment)				61,571
Alison Selfe (Strategic Lead Grants Mgmt)				
London Borough of Havering (member)	2,000			
James Buller (Head of Shared Service Centre)				
Sport Structures Limited (family member)				76,898
PMP Consultancy Limited (previous employment)				3,596
Patrick Brosnan (Head of Grants Mgmt)				
Surrey County Council (previous employment)	395,320	20,000	289,546	

Note 1: A contract extension was signed in 2011 taking the contract value up to £4,067,000 of which £1,932,349 has been paid. This leaves a remaining balance of up to £2,134,651 subject to the terms and conditions of the contract.

21 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 risk or liquidity risk in this regard. Cash balances are held in a commercial bank account and attract market rates of interest. The Sport England National Lottery Distribution Fund does not enter into any interest rate swaps or similar financial instruments.

22 Post financial year end events

The Annual Report and Financial Statements were authorised for issue on 12 July 2012.



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