



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

**Annual Report and  
Financial Statements  
for the year ended  
31 March 2013**

**The English Sports Council**

**Grant-in-Aid**  
**and**

**National Lottery Distribution Fund**

**Annual Report and**  
**Financial Statements**  
**for the year ended 31 March 2013**

Annual Report presented to Parliament pursuant to Section 34(3) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998) and Accounts presented to Parliament pursuant to Section 35(5) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998 and the National Lottery Act 2006).

Ordered by the House of Commons to be printed on 15 July 2013

**© Sport England Copyright 2013**

The text of this document (this excludes, where present, the Royal Arms and all departmental and agency logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not in a misleading context

The material must be acknowledged as Sport England copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries regarding this publication should be sent to us at [info@sportengland.org](mailto:info@sportengland.org)

You can download this publication from [www.sportengland.org](http://www.sportengland.org)

ISBN: 9780102984682

Printed in the UK for The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID 2567069      07/13

Printed on paper containing 75% recycled fibre content minimum

# Contents

Chair's foreword	2		
CEO's introduction	3		
Our strategy	4		
Our aims	4		
Our legislative framework	4		
What we do	5		
Make strategic investments	5		
Improve sporting facilities	5		
Invest in local communities	5		
Eight core cities	5		
Provide advice and expertise	6		
Protect playing fields	6		
Our partners	7		
Delivering our strategy	8		
Investing in NGBs	8		
• Payments for results	10		
Focusing on young people	10		
• Satellite clubs	10		
• Sportivate	11		
• The School Games	11		
Developing sporting talent	11		
• Supporting high performance	12		
• High performance centres	12		
Investing in coaching	13		
Working with national partners	13		
Commercial partnerships	14		
Developing the market	14		
Small grants	15		
Sportsmatch	15		
2012 Legacy – Places people play	16		
• Inspired facilities	16		
• Iconic facilities	16		
• Protecting playing fields	17		
		• Sport makers	17
		• Club leaders	17
		• Inclusive sport	18
		• Delivering a digital legacy	18
		• London 2012 equipment	18
		• Places People Play investment	19
		Statutory and strategic planning	20
		<b>Our performance</b>	21
		<b>Our teams</b>	23
		<b>Our corporate structure</b>	26
		<b>Finance report</b>	28
		<b>Remuneration report</b>	34
		<b>The English Sports Council – Grant-in-Aid and Group Financial Statements</b>	40
		The Council's and Chief Executive's responsibilities	41
		Governance statement	42
		Independent auditor's report	53
		Index to the financial statements	55
		Statement of comprehensive net expenditure	56
		Statement of financial position	57
		Statement of cash flows	58
		Statement of changes in taxpayers' equity - Group	59
		Statement of changes in taxpayers' equity - Council	60
		Notes to the financial statements	61
		<b>The English Sports Council National Lottery Distribution Fund -Financial Statements</b>	93
		The Council's and Chief Executive's responsibilities	94
		Governance statement	95
		Comptroller and Auditor General report	106
		Index to the financial statements	108
		Statement of comprehensive net expenditure	109
		Statement of financial position	110
		Statement of cash flows	111
		Statement of changes in equity	112
		Notes to the financial statements	113

## Chair's foreword

I was delighted to have been asked to undertake the role of Chair of Sport England in April 2013.



Having had the privilege of working with Sport England for many years, including serving as a board member for the past three, I know that it is a superbly led organisation and that we

have the foundations in place on which to build a great future.

I took part in the key investment decisions for our next investment cycle (2013-17) and believe that the implementation of the strategy is on track and that the organisation's approach to investment coupled with the new payment for results regime will deliver the results we are looking for.

It is an honour to take over from Richard Lewis who led the organisation so admirably for the last four years. Under his tenure Sport England went from strength to strength.

I would also like to thank my fellow board members, particularly those whose terms of office expired during the course of the year, namely Jill Ainscough, Mike Farrar and Martin Thomas as well as Mich Stevenson and James Stewart who have both generously agreed to extend their commitment to the

organisation while new board members are appointed.

I look forward to working with Jennie Price, Sport England colleagues, NGBs and our wider partners over the coming years.

London 2012 gave us a huge opportunity to deliver a real boost for community sport. Sport England is central to achieving this but we can't do this alone.

We need to and indeed are committed to working in collaboration to deliver a legacy from the Games.

I am confident that we will build on the success of the past few years and get even more people playing sport regularly.

A handwritten signature in black ink, appearing to read 'Nick Bitel', written in a cursive style.

**Nick Bitel**  
Chair of Sport England

## CEO's introduction

2012 was an incredible year for sport in this country. The Olympic and Paralympic Games brought huge excitement, gave us new heroes and introduced many of us to new sports. It was also an important year for the grassroots – with record numbers of people playing sport and a four-year commitment of up to £500 million from Sport England to 46 different sports to help them build a sporting legacy.



In December 2012 we published results showing that 15.5 million people play sport, once a week, every week. This is the highest ever figure, over 1.5 million more than in 2005 when London

won the bid to host the Games and 750,000 up on the previous six months.

Important as that headline number is, a strong grassroots legacy needs to be richer and deeper, and we have made a decent start in building a better support network for everyone who plays sport. Over the past year we have seen increases in the number of people volunteering in community sport, more playing fields have been protected and more young people are taking the opportunity to learn new sports and develop skills. We have also invested over £82million in building, repairing and modernising the places in which people play sport.

We will keep investing in the legacy, but this is a long term job, and what matters are the long term results. Lord Coe has pointed out that the time to make a judgement on the legacy of 2012 will be in 10 years' time, so we have a big task ahead, one which no host nation has ever managed to accomplish.

We know long term, sustainable growth in sports participation is possible – our flagship sports like cycling have proved it, by

providing an excellent range of options for people who want to do their sport. Like successful fast-moving consumer goods brands they develop these based on a clear understanding of what current and potential consumers of their sports want. We want to encourage all of the organisations in which we invest to put this kind of insight at the heart of their approach to sports development.

One of my personal highlights of 2012 was volunteering with Paralympics GB during the Games. As Melanie Reid wrote of Paralympic athletes in *The Times* 'these are the cream of warriors from a very select tribe'. My volunteering experience and my experience of disability in my own family means our goal to make sport a viable lifestyle choice for more disabled people has a personal as well as a professional resonance for me. Achieving it will not be straightforward, but it's worth every ounce of effort we can give it.

Our results last year could not have been achieved without outstanding performances from our partner organisations and a tremendous effort from Sport England's staff, for which I am very grateful.



**Jennie Price**  
Chief Executive Officer

# Our strategy

Sport England is the Government agency working with grassroots sport. In January 2012 we launched a new strategy with a mission to create sporting habits for life for people and communities across the country.

## Our aims

Our overall ambition is to increase the number of people who play sport regularly. Currently over 15.5 million people play sport once a week, every week. That is over 1.5 million more than in 2005 when London won the bid to host the 2012 Games. We want this number to increase over time, and that is the central ambition guiding the strategy described in this report.

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 also want to increase the number of disabled people playing sport regularly, making sport a viable option for more disabled people.

To achieve this aim, we will have by 2017:

- Invested over £450 million in 46 National Governing Bodies of sport to help them increase the number of people who play their sports and improve how they support their talented athletes
- Offered every secondary school in England a community sport club on its site with a direct link to one or more national governing body
- Helped secondary schools open up their sports facilities for local community use
- Provided at least 150 further education colleges with a full-time sports professional who will act as College Sport Makers
- Given three-quarters of university students aged 18-24 the chance to take

up a new sport or continue playing sport while they study

- Encouraged 2,000 young people on the margins of society into sport to gain new life skills
- Established enhanced England talent pathways in at least 30 sports to ensure young people fulfil their potential
- Invested over £250 million into facilities for the most popular sports, building on the success of Places People Play, our London 2012 legacy programme
- Invested £10 million in projects targeting disabled people.

We will achieve these aims by strategically investing over £1 billion of Exchequer and National Lottery funding. We support our investments by providing advice, expertise and insight to ensure they have the desired impact.

## 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.

# What we do

## Make strategic investments

We invest to increase the number of people playing sport regularly, keep them playing, and improve talent development.

In 2012/13 we received £228.8 million of Lottery funding and £99.8 million of Exchequer, or Grant-in-aid, funding.

We invest around half of our funding in the national governing bodies of sport (NGBs), with 60 per cent of this funding focussed on young people.

We 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.

While our investment strategy is NGB-focussed, we are also interested in developing a mixed economy within the community sport sector and are committed to working with a wide range of organisations who share our objective of getting more people playing sport regularly.

All of our investments are evaluated so that we can ensure that they are providing value for money; understand the impact they are having, and see what lessons can be learned.

## Improve sporting facilities

We know that fit for purpose sports facilities are essential if we want more people to play sport. This year we have stepped up our investment in facilities – especially small, local clubs – through our Olympic Legacy programme Places People Play; much of the additional lottery funding we will receive over the next four years will be focussed in this area.

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

## Invest in local communities

This year we launched a new £40 million Community Sport Activation Fund available to local authorities and local community groups to support grassroots activity right across the country.

Local authorities remain the single biggest investor in community sport spending around £1 billion every year. This additional investment will help them deliver sport and increase the number of local people playing sport regularly.

## Eight core cities



We have worked with eight Core Cities which are priority places to work, based on our current and past investment, and on:

- Population size and potential to increase the number of people playing sport
- Community sport infrastructure
- Importance to multiple NGBs.

These core cities are: Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.



We are working with each city and its partners to get more people playing sport regularly by:

- Developing a shared vision and outcomes for sport in the city
- Ensuring sport is strongly positioned as a key contributor to the city's wider priorities
- Putting in place a strong and suitable local sporting infrastructure — facilities and people — that can deliver effectively
- Taking a place-based approach to implementing our strategy, helping to align our programmes and investment across each city.

### **Provide advice and expertise**

We do more than provide investment funds. We draw together the best expertise, insight and knowledge of grassroots sport, drawing on experience from other sectors and countries as well as from sport in England. Sharing this, whilst encouraging creative thinking and good decision-making across the sector, are an important part of our role, and a particularly critical task in a challenging economic climate.

We focus on:

- Behavioural change as it relates to sports participation
- Talent development
- The planning and design of sports facilities
- Consumer data, analysis and insight
- Providing local intelligence and insight to underpin the delivery of sport locally
- Communications and commercial advice and support.

### **Protect playing fields**

We play a key role in protecting open space for local communities.

We have to be consulted on every planning application on playing field redevelopment and we always object unless we are confident that local sports provision will be protected or enhanced.

## Our partners

We know that we are not going to transform the nation's sporting habits alone. It can only be achieved through collaboration, and we are privileged to work with a strong network of organisations.

County sport partnerships (CSPs) are key partners for Sport England, and play a pivotal role in making sport happen locally. They help bring the sports' development plans to life by sourcing local delivery partners, supporting resources and opportunities with a strong focus on local authorities.

CSPs also deliver programmes for Sport England, in particular Sportivate and SportMakers whilst playing a key role in the local delivery of the School Games.

For the fourth year running we invested £10 million of Lottery money into the core services of the England-wide network of 49 CSPs.

To measure their impact, the CSPs undertook their own stakeholder survey which revealed high levels of satisfaction among stakeholders with the average rate (NGBs, school sport partners, local authorities and other key local stakeholders) of 91 per cent and among NGBs alone of 94 per cent.

### Partners

46 national governing bodies of sport. 49 county sports partnerships. Asda. Association of Colleges. British University and College Sport. Charities and volunteering organisations. Commonwealth Games England. Dame Kelly Holmes Legacy Trust. Higher and further education institutes. Sainsbury's. Join In. Local authorities. National partners with specialist expertise. National Trust. StreetGames. The British Basketball League Foundation. The British Olympic Association. The British Paralympic Association. The Cricket Foundation. The Football Foundation. The London Organising Committee of the Olympic Games and Paralympic Games. The Olympic Park Legacy Company. The Premier League. Thomas Cook Children's Charity. UK Sport. Youth Sport Trust.

# Delivering our strategy

We have two ways to deliver: we invest, and we provide advice and expertise on grassroots sport. Here are some examples.

## Investing in NGBs

Our single biggest investment is in NGBs, and in December 2012 our Board approved over £450 million to NGBs for the 2013-17 period. This was the culmination of a very thorough assessment process which began in May 2012 with the submission of bids by 46 governing bodies.

The NGBs' proposals ('Whole Sport Plans') had to show how they would achieve the following:

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

We were delighted that 42 of the 46 sports submitted plans to get more disabled people playing sport regularly, and this will be the foundation of a strong grassroots legacy from the Paralympics. It is a big step forward from the 11 sports that had disability sport plans in the 2009-13 investment cycle.

Each application was rigorously assessed against detailed criteria, including a formal presentation to an Investment Panel.

To qualify for investment NGBs were also required to meet high standards of governance and financial controls which we developed jointly with UK Sport and the Department for Culture, Media and Sport.

**British Cycling will use our £32m investment to build on the work that's got hundreds of thousands more people on their bikes in recent years, including Sky Ride, a great way of getting families on their bikes.**

**More and more women and men are getting involved in triathlon and to keep up the momentum Triathlon England spend some of Sport England's £7.5m investment to introduce a low-cost events programme for anyone who has felt priced out of this exciting sport.**

**With a £2m investment British Wheelchair Basketball will lead work on a new cross-sport programme to help more disabled people get involved improving links with groups that already support disabled people such as rehabilitation services.**

Cycling, wheelchair basketball and triathlon were among the sports rewarded for their strong plans and excellent progress on grassroots sport, all receiving funding increases of over 30 per cent.

At least 60 per cent of our NGB investment will support young people aged between 14 and 25.

More than £83 million of our investment will be used to support the development of talented young athletes in 43 sports, ensuring that those with podium dreams receive the best possible coaching and support in high-quality facilities. Canoeing and sailing are among the sports receiving increased investment to improve their already strong talent programmes.

Swimming, tennis and basketball's poorer record in increasing the number of people playing their sport led to their receiving one-year only awards.

Table tennis, fencing and squash also received one-year awards because further development is needed in some areas of their work before a longer term commitment can be made.

Investment for each of these six sports has been ring-fenced for the remaining three years of the investment period. This money could be invested through the governing bodies providing they succeed in the first year. If they don't, it will be made available to other organisations that can get more people playing these sports regularly.



## Payment for results

A key feature of Sport England's investment in the NGBs is strong performance management through a payment for results approach that will see us rewarding success and penalising failure.

For the first time we have created a specific fund to reward success by NGBs who prove they can grow their sports. The £40 million Reward and Incentive Fund will enable us to move rapidly over the investment period to help high-performing sports achieve even more. We are particularly interested in supporting innovative initiatives and cross-sport working which get people playing sport regularly and keep them playing.

In contrast, and reflecting our commitment to getting good value for every pound of our investment, we will respond swiftly to poor performance.

Any governing body that fails to achieve its annual targets for increasing the number of people playing its sport faces losing up to 20 per cent of its remaining investment. We would look to options in the open market to utilise these decommitted funds.

## Focusing on young people

Younger people are more active than the general population and the percentage of 16-25 year-olds playing sport once a week increased during 2012, but the rate of participation has declined from 57 per cent in October 2008 to 54 per cent in 2012.

This trend is of real concern and is why our strategy has a focus on young people from the age of 14. We want to help young people keep playing sport throughout their teenage years and early twenties, so that they establish sporting habits for life.

We strongly favour projects and partners who have consulted young people in designing every aspect of their sporting offer, from the choice of sport to timing and location, to what they wear while they are playing.

Here are some of our key programmes that focus on young people.

## Satellite clubs

There is strong evidence that young people drop out of sport when they move from one environment to another. We want to help young people through these transitions so that they stay in sport. Satellite clubs are our biggest single intervention to address this issue.

Satellite clubs are new clubs, on school and college sites, and are aimed at young people in the 14-18 age group.

Apart from their location, in most other respects they will feel like a regular community sports club: run by volunteers and coaches linked to a local sports club (the 'hub' to which this club is a 'satellite') rather than teachers and more often than not linked to a governing body.

The young person will therefore be able to play their sport in a familiar place – literally and figuratively close to home – but will get used to a club-like environment, and often



**“I never really thought about rowing before I saw the Sportivate courses advertised.**

**“I’ve really enjoyed it and am now looking to join a local rowing club. I’ve booked to do a kayaking course at Longridge next.”**

move to playing at the hub club with people and coaches that they already know.

NGBs have responded very positively to this concept – our original target was to have at least 4,000 by 2017, but we now expect to have established at least 5,000 by then, which means every secondary school in England will be able to have at least one satellite club on their site.

## **Sportivate**

Sportivate is a £56 million programme (increased from £32 million to reflect its popularity) that gives 14-25 year-olds access to six to eight weeks of coaching in a range of sports, from conventional sports like golf and tennis, to wakeboarding and parkour. It is organised at local level by the 49 county sports partnerships, and the choice of sport varies according to the geography and the preferences of the local young people.

Drawing on the lessons learned from earlier programmes with young people, Sportivate offers a wide choice of activities, with sessions being carefully designed to take account of preferences on timing, location and clothing.

Sportivate sessions are aimed at ‘semi-sporty’ youngsters – the majority of young people who might choose either way when it comes to sport, for whom finding the right activity and being sensitively supported to learn how to enjoy it will be crucial.

Both take up and retention rates have been good in the two years since the programme started, especially given this target market. Over 225,000 young people have benefited from Sportivate with over 190,000 completing their coaching sessions. Three months later, sampling shows that 83 per cent were still playing the sport.

## **The School Games**

Our investment in the School Games is helping to transform competitive sport in schools and get more young people playing sport. We had awarded funding of £28.3

million for the School Games by 31 March 2013.

Thousands of schools signed up to take part in local class versus class, and school versus school competitions, and in 2012 over 90,000 young people took part in the county festivals (of which there were over 70), with more than 10,500 people (most of whom were young people) volunteering at the festivals.

Over 1,600 young people competed in the 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 there before the official Opening Ceremony of the Olympic Games in July. The 2013 final will take place in Sheffield in September.

The School Games are a cross-departmental initiative, and Sport England has commissioned the Youth Sport Trust to provide development support to schools, sports and other partners across the four levels of competition. Sainsbury’s is sponsoring the School Games until 2015.

## **Developing sporting talent**

Over the last 12 months we have continued to work closely with over 40 sports to support their existing England talent development programmes through our NGB investment. This includes developing good quality facilities, inspiring club environments, excellent coaching and the right balance of competition and training. This represents £92 million (24 per cent) of our 2009-13 investment in NGBs.

By March 2013, 24 sports had achieved or exceeded their talent development targets, and seven were making good progress.

We have provided:

- Guidance to help sports more clearly define and articulate their England talent pathway
- Technical advice on talent development to a number of the larger sports including

cycling, cricket, rugby league, tennis, netball, squash, badminton, rugby union (women and girls), football (women and girls)

- Effective England talent pathway frameworks
- A two-day seminar for England talent lead personnel
- Strengthening and development of the coaching workforce within the England talent pathway.

We have also helped sports to develop their talent pathway plans for the next investment period up to 2017.

We worked even more closely this year with UK Sport to ensure effective alignment and connectivity between the England talent pathway and its elite investment in the Olympic and Paralympic World Class programmes for the Rio cycle.

We agreed individual sport specific talent awards totalling circa £83 million across 43 sports for the 2013–17 cycle ranging from £50,000 to £6.4 million. Over 50 per cent of the sports funded for talent have targets relating to supporting talented disabled athletes.

Funding for our National Partners also helps to support talented athletes. Our investment of £0.3 million into Sports Aid helped generate a total sum in excess of £1.4 million that was distributed in awards to some 1,600 young English athletes with talent.

During the year we supported Commonwealth Games England in the development of its Strategic Plan for 2012–2015, and will be investing £1.3 million over that period to support its core functions, including the preparations required to ensure Team England can perform at its optimum level and achieve significant medal success in Glasgow.

## Supporting high performance and elite programmes

We work with a small number of sports that fall outside the scope of UK Sport's work with Olympic and Paralympic sports on their elite programmes: netball, squash and women's rugby.

All three have achieved significant success in international competition over the last 12 months:

- **Netball** - a 3-0 home test match series win over world ranked No 1 nation Australia
- **Squash** - three men and three women in the top 8 of the world rankings for the large majority of the year including Nick Matthew and James Willstrop both occupying the world No 1 spot for most of the year and Laura Massaro ranked No 2 on the women's side
- **Women's rugby** – England beat world ranked No 1 nation New Zealand 2–0 in the autumn 2012 series.

As part of our 2013-17 investment we also agreed continued investment of £8 million in the elite programmes of these three sports.

## High performance centres

Our direct support for high performance and elite programmes is complemented by our provision of high quality training facilities at our National Sports Centres, Bisham, Lilleshall and Plas y Brenin.

We are making big improvements at both Lilleshall and Bisham:

- At Lilleshall a new state of the art sports science and medicine centre alongside physiotherapy and rehabilitation facilities is nearing completion, as are new sports courts and the refurbishment of the accommodation halls
- At Bisham we have finally received planning permission for a new accommodation block, new restaurant and café facilities, new and refurbished

pitches and changing facilities. Work will begin in May 2013.

In addition to the world leading elite training programmes based at the National Sports Centres, there were over 200,000 visits to site from community users compared to 180,000 in the previous year.

### Investing in coaching

We know that coaching, whether it is formal or informal tuition is a key factor in encouraging people to take up a sport and continue playing it. This is why we invest significant resource to ensure there are good quality and skilled coaches to support everyone playing sport at all stages of their development – from school sport to supporting our talented athletes.

In 2012/13 this included:

- £2.8 million of investment in sports coach UK to provide technical coaching support and advice to NGBs and CSPs as well as offering some direct provision to coaches
- £2.0 million of investment into each of our 49 CSPs (£40,000 each) to support the development of the local coaching workforce

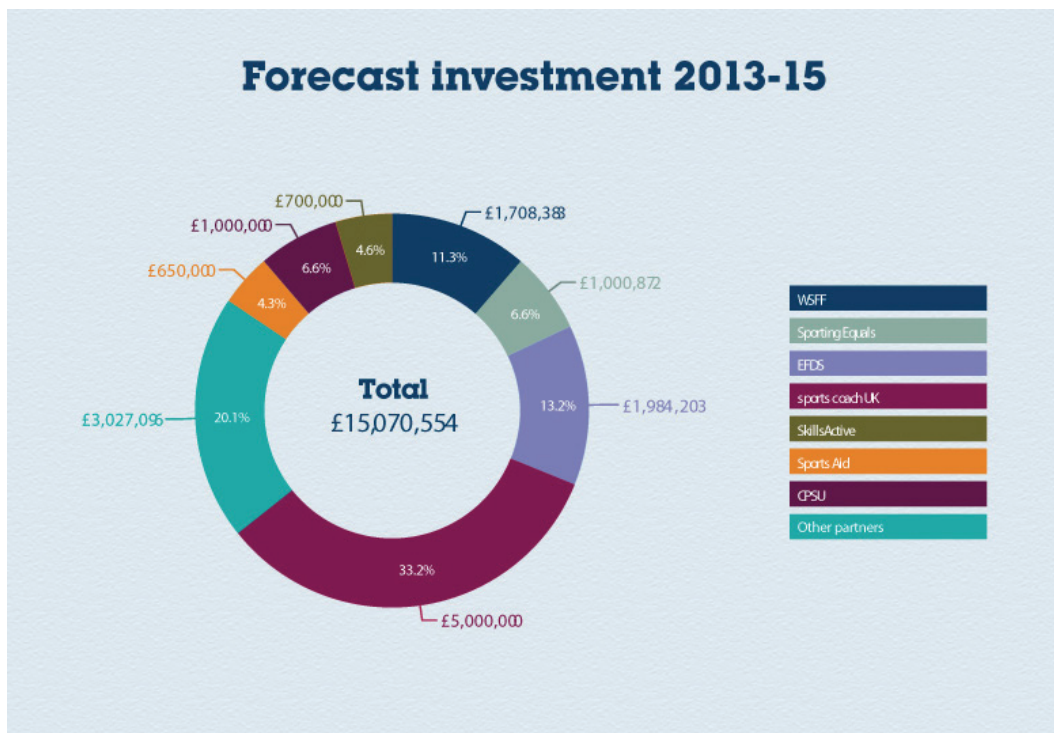
- £0.4 million to the Youth Sport Trust to support school sport coaching
- £0.4 million to StreetGames to help NGBs adapt their approach to coaches working in disadvantaged communities.

Around £40 million of our investment to NGBs in the period 2009-13 supported coaching in their individual sports.

### Working with national partners

To complement our direct investment into the NGBs, Sport England is also investing £15.1 million in a number of partner organisations over the period 2013-15.

These include those which promote diversity in sport, such as the Women’s Sport and Fitness Foundation (WSFF) and the English Federation of Disability Sport (EFDS), and those with particular expertise such as sports coach UK and the Children Protection in Sport Unit (CPSU).





## 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 just financial, but also the people, expertise, products or marketing reach they can give to community sport. Examples of our partnership work include:

- Working in partnership with Sainsbury's to extend its Active Kids for All programme to disabled people wanting to play sport in a community setting. The scheme works with both coaches and those who support

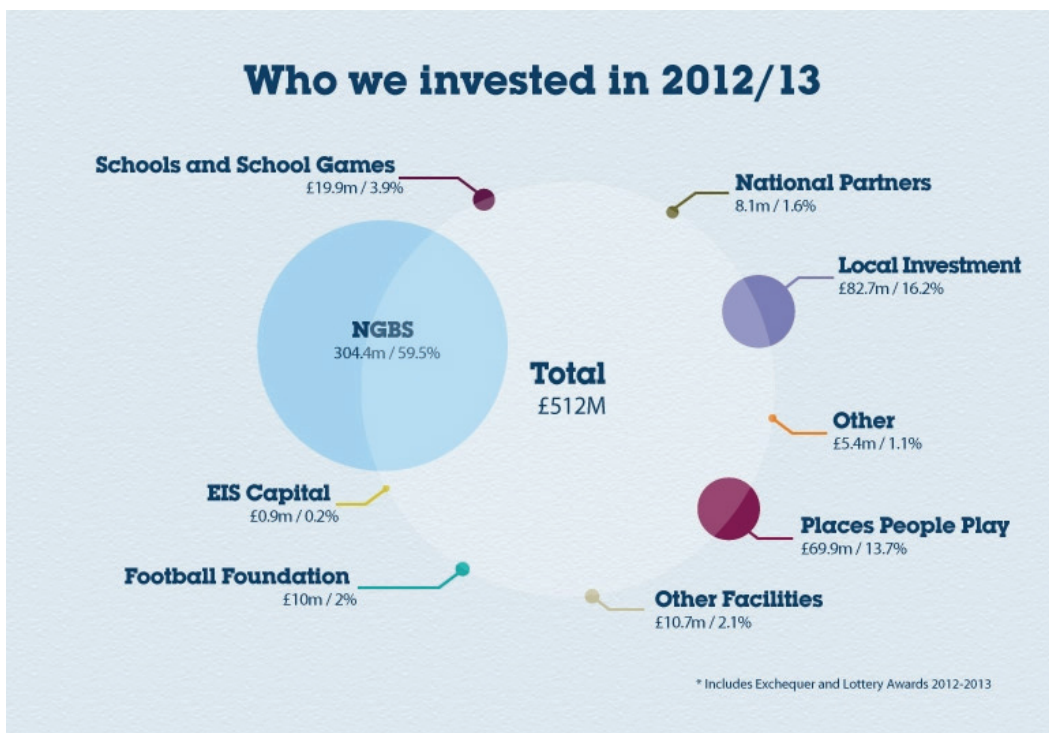
disabled people to ensure that they are competent and confident to deliver sport to disabled people

- A partnership with Thomas Cook's Children's Charity to invest £0.5 million into Inspired Facilities projects over three years. To date, 34 Inspired Facilities projects have benefited from additional funding from the charity as a result.

## Developing the market

As part of our commitment to developing a mixed economy in community sport, during 2012/13 we initiated a new programme to explore how we can work with new partners, for example from the private sector, and apply 'market' principles to sport.

The first organisation we have worked with is the National Trust. Following a pilot in the South West at the beginning of 2013, we now have a partnership with them to encourage people to take up running, cycling, canoeing and orienteering at National Trust properties across England.



## Small grants

In 2012/13 we invested £7.8 million of Lottery money into 1,100 smaller grassroots sports projects.

- Opportunity Sports Foundation (OSF) received £9,500 to cover the costs of coaches and facility hire for a disability sport project. Andrew Bell, OSF Chairman, said “This funding is brilliant; it will benefit around 115 young disabled people. Without the funding there is no way OSF would have managed to start this project. It is something we have wanted to do for a number of years and we cannot wait to get started.”
- Southern Navigators Club received £3,318 to buy an orienteering timing kit that has helped the club introduce more people to the sport in the South of England. Linda Cairns, a club organiser said “The kit that the grant paid for has been used by thousands of people of all ages. Once we had got the kit we started taking it into schools and running sessions at the weekend for people to try orienteering for the first time and it’s proved really popular. We had 90 people at one session.”

## Sportsmatch

Last year we invested £2.1 million into 128 projects through our Exchequer-funded, matched-funding programme, Sportsmatch. The scheme generated additional sponsorship worth £3.3 million.

Sponsors ranged from multi-national companies such as Coca Cola and Vauxhall, to regional organisations such as Northumbria Water and Capital Radio, as well as local shops and retailers.

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

- A £1,000 award to Portsmouth Volleyball Club matched sponsorship from Subway to run introductory volleyball courses for new adult players



**“Without this funding there’s way OSF could have managed this project.”**

- A £100,000 award to UK Active to match fund sponsorship from Asda, to develop and run field based events delivering multi-sports and healthy living activities to families in deprived areas across the country involving over 6,000 people.

The Sportsmatch awards will help a projected 153,016 people play more sport, with 1,078,724 more visits.

## 2012 Legacy – Places People Play

Our £155 million Places People Play legacy programme reached a peak during 2012. It is a wide ranging programme, but the highlights include:

### Inspired facilities

Our Inspired Facilities programme has seen a great response from sports clubs - we have invested over £54 million into modernising and improving over a thousand local clubs and facilities in the last two years.

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

- Almost £50,000 was invested in Moretonhampstead in Devon to repair and improve a solar-heated open air swimming pool and so encourage people who were put off by the low temperature into the water
- Harrogate Racquets Club received £50,000 to put a new roof on its badminton court hall
- Amaranth Football and Cricket Club in Leeds received £50,000 to build extra changing rooms, put in new showers and flooring and redecorate the clubhouse.

By making the application process much simpler and more straightforward we have removed the need for specialist knowledge, opening up the fund to many clubs that have never applied for Lottery funding before.

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 2012/13 we invested around £20 million into 14 big multi-sport venues that set the bar for major sports facilities in future.

The Cyclopark, near Gravesend in Kent, received £1.5 million from Sport England towards its £8 million cost. Opened in May 2012, the park includes world-class cycle track, mountain bike and BMX cycling facilities, a skate park and a football/basketball pitch area. It is already proving hugely popular with athletes, dedicated cyclists and families.



**“We’ve had football and cricket teams playing here at Aramant for over 20 years and this injection of funds will ensure future generations will be able to do the same for years to come.”**

We also invested £1 million in the York Sports Village to enable the completion of this £9 million centre with a 25 metre eight lane pool, learner pool, fitness suite, dance studios and three full-size 3G artificial grass pitches.

## Protecting playing fields

As part of our legacy work, funding of over £8 million has protected and improved 159 playing fields (1,897 acres) across the country, which is equivalent to 948 Wembley pitches.



Thanks to our awards:

- Belvedere & Calder Vale Sports Club will be able to put in drainage to stop its cricket outfield and its football and rugby fields flooding
- Wootton Bassett Sports Club will be able to put in a new cricket pitch
- Herberts Farm in Saffron Waldon is installing drainage, levelling out and restoring a site which it can then mark out for 15 pitches.

All playing fields in the scheme are protected from development for at least 25 years; while 88 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.

## Sport Makers

In 2010 we set an ambitious target to recruit 40,000 new volunteers for grassroots sport. By the end of 2012/13, over 70,000 people had signed up as Sport Makers and over

48,000 of them had attended their training session. During the period Sport Makers made over 300,000 hours of sport happen in their communities.

## Club Leaders

Club Leaders was launched in May 2012 to offer training and support to volunteers in the business of running a club. By March 2013 over 1,300 clubs had registered for support in 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 toured the country in the summer and autumn of 2012.

## **Inclusive sport**

We have established a dedicated fund to make sport a viable choice for disabled people, young or not, talented or not, as part of our commitment to create a legacy from the Paralympic Games.

We received an extremely high quality set of applications for this fund, especially from organisations offering broader services and support to disabled people. As a result the funding available was increased from £8 million to £10.2 million which allowed us to support 44 projects, including:

- Together East which received over £500,000 to work with disabled people in East London, culminating in an annual festival of disability sport on Queen Elizabeth Olympic Park
- The Wheelchair Football Association which received over £300,000 to deliver hundreds of introductory and coaching sessions for Powerchair Football
- The Down's Syndrome Association which was awarded over £300,000 to build upon its successful DS Active programme, which provides children and young adults with Down's syndrome the chance to get involved in sports, particularly football, and to expand the programme to include adults and give opportunities to play tennis.

## **Delivering a digital legacy**

In February 2013 the London Organising Committee of the Olympic Games (LOCOG)

announced that it would be transferring the management of its consumer database to Sport England working in partnership with UK Sport and London & Partners. This was the first time the International Olympic Committee had agreed to hand over this data, and it gives us a tremendous opportunity to deliver a digital legacy from the Games.

The database presents a huge opportunity for Sport England to engage with 5 million people to promote community sport. We are committed to working with all of our partners to take full advantage of this opportunity.

## **London 2012 equipment**

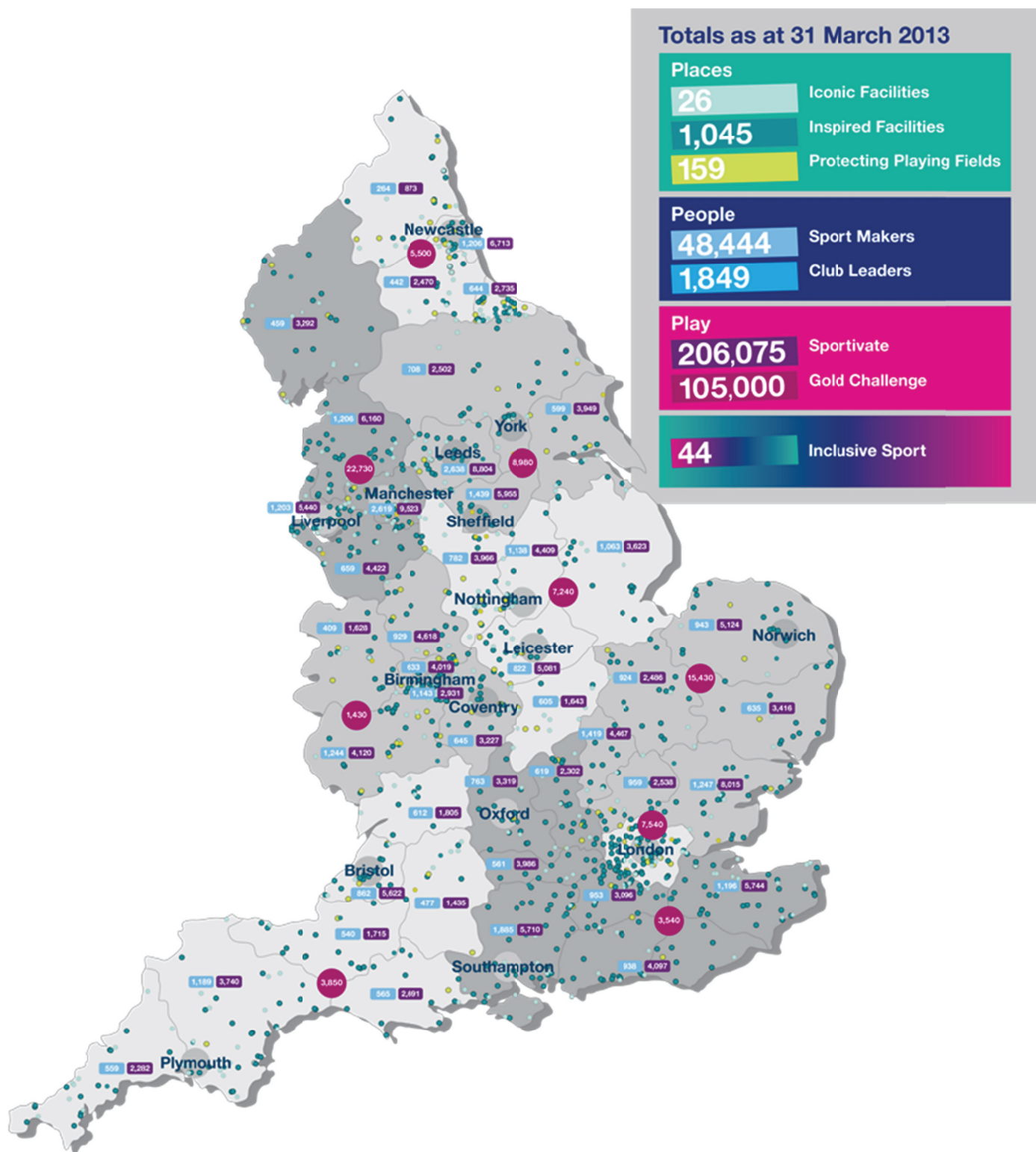
One of the less well known benefits of London 2012 was the large amount of kit and equipment which was made available to sport after the closing ceremony.

We worked with 14 Olympic sports to help them secure some of the kit at incredibly favourable terms. With our help the starting equipment from the canoeing, the lane ropes from the swimming, the temporary hockey pitches and the podium and equipment used for gymnastics all went to good homes.

We also helped wrestlers and wheelchair rugby players inherit equipment, while we arranged for equipment from the riding events go to the new Shooters Hill Equestrian Centre which was opened in Greenwich soon after the Games.

We secured the sand used at the beach volleyball courts on Horse Guard Parade, and working with English Volleyball we have created five new places to play the game.

# Places people play investment



## 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 that the proposals will improve or protect local sports provision.

In 2010/11, 94 per cent of the applications we opposed resulted in the places where people play sport being improved or safeguarded.

Published in December 2012, these are the most recent figures available, due to the length of time individual planning processes can take to complete.



# Our performance

As an investor of public funds it is essential we measure our impact, and can establish what is most effective in encouraging more people to play sport regularly.

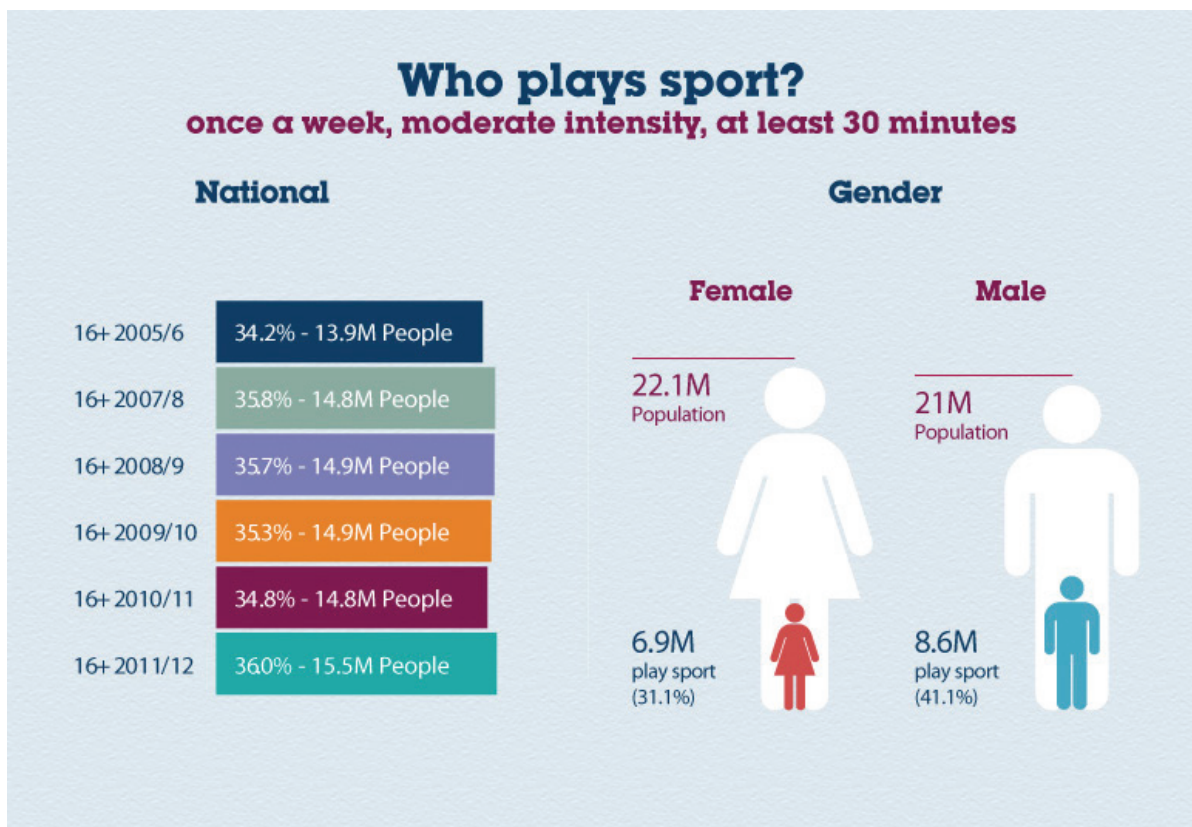
Our key outcome measure is the number of people who play sport regularly, by this we mean at least once a week for 30 minutes at moderate intensity every week.

During 2012/13, over 15.5 million people aged 16 and over played sport regularly, an increase of over 1.5 million since the London 2012 Olympic bid was won in 2005 and growth of 753,000 since 2011.

Sustaining these levels of participation is a challenge in itself especially given the recent dramatic variations in the weather, 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 the number of people playing sport regularly over time.

While we have a particular focus on the number of young people playing sport, we are also concerned about the levels of participation among women and disabled people. Men are a third more likely to be playing sport than women and the rates of disabled people playing sport are around half that of non-disabled people. Although the 2012 result showed increases in all of these groups, we need to do more to create a sporting habit for life across the whole of the community.





The Active People Survey (APS) is the largest leisure-related survey in Europe and provides us with rich intelligence on sport in England as to who plays sport, what they do, how often and how this changes over time. It collects data according to the UK Statistics Authority code of conduct for Official Statistics.

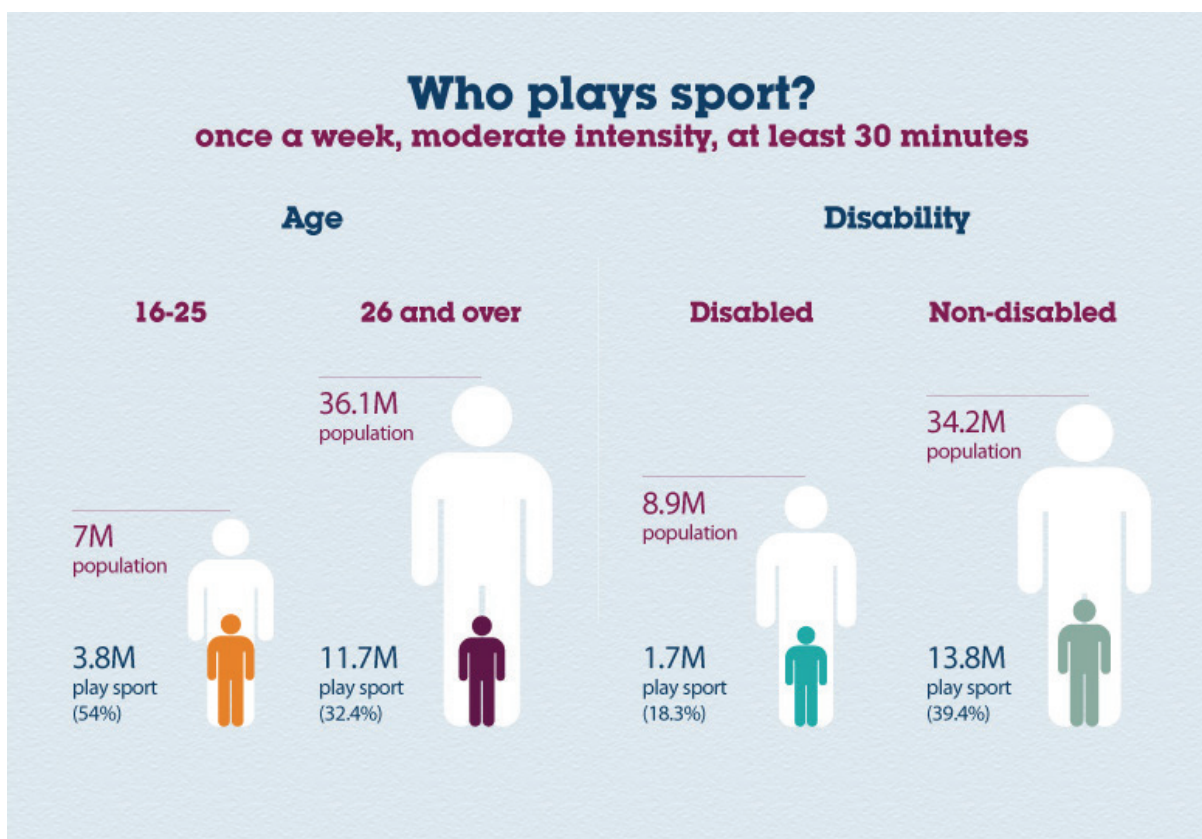
The information we get from the APS allows us to understand the trends in sporting participation as well as measure the performance of the NGBs and others in whom we invest in terms of increasing participation.

The insight it provides is used by a wide variety of organisations working in sport, and several other Government Departments also use the data it collects.

As methods of communication evolve, so does the way in which surveys like this, are conducted. Over 2013-14 the APS will include different methods of collecting information about sporting habits, including face to face interviews, the collection of information through the Taking Part survey conducted by the Department of Culture Media and Sport (DCMS) along with online questionnaires and mobile phone calls.

In summer 2012, we began surveying 14 and 15 year-olds through the APS to reflect our strategic focus, the results of which will be available in 2013.

Important as it is, the APS is not the only way we measure the impact of our interventions. We also have project and programme specific evaluation processes which tell us about the difference we are making.



## Our teams

Sport England has six directorates who work to support, develop and promote grassroots sport, and help it reach beyond its heartland.

### Community Sport

The Community Sport directorate combines the specialists who work on our youth programmes with those who work with local partners.



The Executive Director is Mike Diaper, his 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
- Works with higher and further education institutions 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 for example the Get on Track programme delivered by the Dame Kelly Holmes Legacy Trust which during 2012/13 ran 10 projects engaging over 250 young people.
- 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 £100 million each year in 46 NGBs and our national partners.



The Executive Directors are Lisa O'Keefe and Phil Smith.



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 team has 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 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 Executive Director is Charles Johnston, his 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 that they make best use of our capital funding
- Manages our National Sport Centres at Bisham, Lilleshall, Plas-y-Brenin and the facilities at Caversham 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 Olympic Development Authority and the Olympic Park Legacy Company 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 their sports facilities up to community use.

## Business Partnerships

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



The Executive Director is Tanya Joseph, her 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 this
- Manages the London 2012 digital legacy
- 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.

## 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 Executive Director is Rona Chester, her team:

- Measures how many adults play sport through 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 colleagues in Sport England and to NGBs, local authorities, CSPs and other stakeholders.

## 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 Executive Director is Rona Chester, her 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 and provides advice and expertise.

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 £2 million and considering reports from the Project Committee on all other awards
- Approving Sport England's Annual Report and Financial Statements
- Overseeing performance management.

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

At the end of March 2013, Richard Lewis stood down as Chair and was replaced by Nick Bitel. Richard, Jill Ainscough, Michael Farrar and Martin Thomas left the Board as they had finished their allotted time.

Board meeting minutes are published on the website.

### Sub-committees

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

### Project Committee

The Project Committee is responsible for grant awards of up to £2 million and making recommendations to the Sport England Main Board on funding applications over £2 million. Its members comprise Sport England's Chief Executive and four board members, one of whom is nominated chair.

Committee members in 2012/13 were:

- R Michiel Stevenson OBE DL (Chair)
- Clare Connor OBE
- Hanif Malik
- Paul Millman
- Jennie Price (alternate Rona Chester)
- Martin Thomas
- Peter Stybelski

### 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.

Committee members for 2012/13 were:

- 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, good corporate governance and robust management controls.

Committee members for 2012/13 were three non-executive Main Board members and two independent external members.

- Peter Rowley (Chair)
- Nick Bitel
- Michael Farrar CBE
- John Flook
- Ralph Sharp (until June 2012)
- David Oliver

## 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.

- 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 the Chair, and meet as a group twice a year.

- 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

### Sport England Board 2012/13



**Richard Lewis**  
Chair



**Michael Farrar**  
CBE



**R Michiel Stevenson**  
OBE



**Jill Ainscough**



**Hanif Malik**



**James Stewart**



**Nick Bitel**



**Sadie Mason**



**Peter Stybelski**



**Clare Connor** OBE



**Peter Rowley**



**Martin Thomas**

# Finance report

Increased Lottery proceeds have enabled us to further support the delivery of our strategy. Our wider range of programmes has driven a significant increase in the volume of applications processed and payments made during the year.

## Funding received during the year

Sport England receives Grant-in-aid from the Department for Culture, Media and Sport (DCMS) and is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc, Act 1993 (as amended by the National Lottery Act 1998).

As a result of these two separate funding streams we are required to prepare two sets of financial statements - one for Grant-in-aid and another for Lottery.

Grant-in-aid received represented 30 per cent (2012: 38 per cent) of our total funding and National Lottery income 70 per cent (2012: 62 per cent).

### Grant-in-aid

During 2012/13 we received total Grant-in-aid funding of £99.8 million (2012: £97.6 million) to support the activities of the Council. Grant-in-aid received is shown as financing to the general reserve in the Statement of changes in taxpayers' equity (pages 59 and 60).

In addition, the Sport England Group received grant funding of:

- £1.3 million from the Department for Education (2012: £3.9 million) to support delivery of the School Games
- £5.2 million (2012: £4.3million) from the Sport England National Lottery fund and The Royal British Legion to support capital development at the National Sports Centres.

## National Lottery proceeds

During 2012/13 our gross share of proceeds from National Lottery ticket sales was £240.0 million (2012: £187.0 million). The final Olympic contribution of £12.5 million (2012: £26.9 million) was deducted from these gross proceeds (note 2). Our share of proceeds increased by £53.0 million from 2011/12 which is driven by:

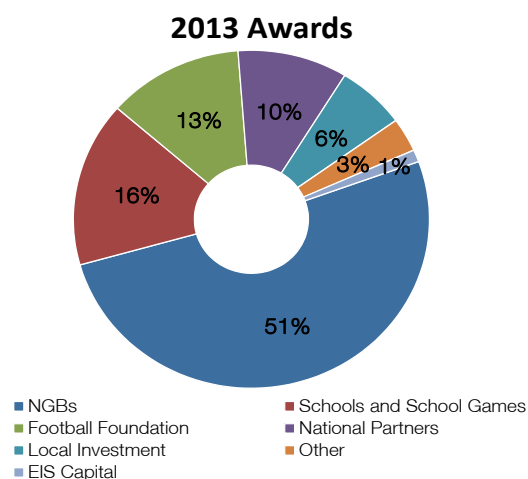
- An increase in our share of proceeds from 11.2 per cent in 2011/12 to 12.4 per cent in 2012/13, which resulted in additional income of £23.3 million
- An increase in National Lottery ticket sales of £29.7 million.

National Lottery investment returns were £1.3 million for the current year (2012: £3.4 million).

## Who we funded during 2012/13

### Grant-in-aid awards

During 2012/13 we awarded grants of £80.8 million (2012: £82.0 million) (note 5).

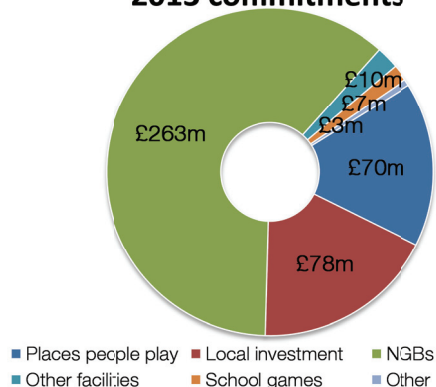


## National Lottery commitments during the year

A total £431.1 million of awards were committed and offered to applicants (2012: £96.7 million) (note 15). The large increase in the value of awards offered is mainly due to the commitment of four years NGB funding for the period 2013 to 2017 of £263 million.

Ten new award programmes were launched during the year, which together with increases to existing programmes amounted to commitments of £168.1 million. Both new and existing award programmes contributed to a 24 per cent increase in the volume of award applications and a 33 per cent increase in the volume of awards committed.

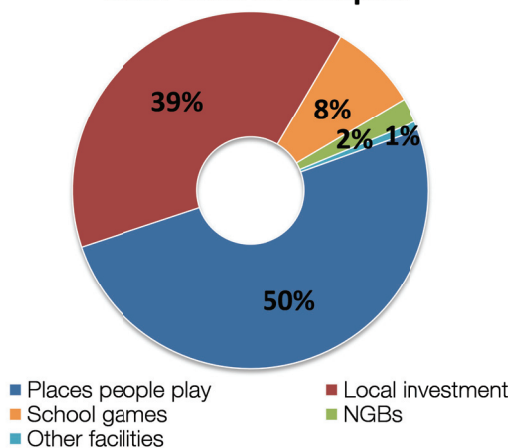
### 2013 commitments



## National Lottery award expenditure

During 2012/13 £116.0 million (2011/12: £163.5 million) of lottery awards were accepted by applicants (note 5).

### 2013 awards accepted



All awards committed and accepted in 2012/13 were consistent with our policy on additionality.

## Our additionality policy

Lottery funding is distinct from government funding, however where appropriate, it can complement government and other programmes, policies and funding.

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
- Lottery should be used to fund projects, or aspects of projects, that the Government is unlikely to fund. If Exchequer money<sup>1</sup> 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 is 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
- Lottery funding can complement other sources of statutory funding including Sport England's own Grant-in-aid as long as there is a clear distinction between the uses of each and an opportunity arises to add additional value to existing schemes.

<sup>1</sup> The Grant-in-aid awards section on page 28 shows what our Exchequer money funds



## What we spent to deliver our strategy

### National sports centres

During the year £4.2 million (2012: £3.9 million) of Grant-in-aid funding was spent to support the operations of the National Sports Centres, with a further £1.9 million (2012: £1.1 million) of capital expenditure funding invested.

### Other Expenditure

Supporting the delivery of our award programmes, as well as the core operations of the Council (including staff costs), amounted to £36.3 million during the year (2012: £31.4 million).

Costs are apportioned between the Council's Grant-in-aid and Lottery distribution financial statements in accordance with the methodology in note 1.15 of the Grant-in-aid Financial statements and note 1.11 of the National Lottery Distribution Fund Financial statements. As a result, the allocation of resources can change between years, thus adding the expenditures apportioned between the two financial statements makes it easier to compare expenditure between years.

In 2012/13 the average allocation attributed to Exchequer expenditure was 39 per cent (2012: 40 per cent).

	2013 Council	2013 Lottery	2013 Total	2012 Total
Staff Costs	£5.4m	£8.1m	£13.5m	£12.8m
Sports development	£3.9m	£10.7m	£14.6m	£12.1m
Operating costs	£3.1m	£5.1m	£8.2m	£6.5m
<b>Total</b>	<b>£12.4m</b>	<b>£23.9m</b>	<b>£36.3m</b>	<b>£31.4m</b>

**Staff costs** increased by £0.7 million as a result of the 1 per cent pay award, contractual redundancy payments, new employees joining the organisation (£0.4 million) and an increase in the pension costs (£0.3 million).

Both sports development and operating costs increased from 2011/12 as a result of higher activity levels in supporting and processing of award applications and payments for a wider range of funding programmes. As a result, despite increasing expenditure the Lottery cost targets are steadily improving due to increasing volumes of awards without significantly increasing expenditure.

**Sports development costs** support the delivery of our award programmes as well as our remit as a sports development agency. Costs have increased by £2.5 million due to:

- The Lottery Places People Play programme, as delivery costs were procured rather than awarded in order to ensure a greater level of quality and cost control over the project (£0.9 million)
- Applicant support for new programmes launched during the year (£0.4 million)
- Research projects (£0.3 million)
- Irrecoverable VAT relating to the additional costs noted above (£0.4m) as well as an accrual for the irrecoverable VAT on non-invoiced costs (£0.4m). There was no accrual for irrecoverable VAT in 2011/12 as a prior year adjustment was not required.

**Operating costs** are costs we incur to operate the organisation. These have increased by £1.1 million due to:

- Outsourcing of grant processing (£0.3 million) as a result of increased grant activity and to prevent increases in headcount
- A change in purchase order provisions (£0.4 million)
- Irrecoverable VAT (£0.2 million)
- Depreciation for the year (£0.2 million).
- Reclassification of Lottery other operating income to the face of the Statement of comprehensive net expenditure for 2012/13 (£0.5m).

**The Sport England group** incurred additional expenditure relating to:

- Depreciation £2.2 million
- Property leases £0.1 million

## Achieving our efficiency targets

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.

### Grant-in-aid target

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 which started on 1 April 2011. Achievement of the targets to date, which reduces by 50 per cent for the period of the review, is in the table below. Plans are in place to achieve the target for the remainder of the spending review period.

Administration Target (£'000)		
	2012/13	2011/12
Target	8,920	10,373
Outturn*	7,929	9,779
*includes special contributions to the LPFA pension fund of £0.6million (2012: £2.6million)		

### National Lottery targets

In 2010 the Lottery distributors agreed to work towards a benchmark of 5 per cent for grant processing costs and 8 per cent for gross costs. Sport England has a target date of March 2014 to achieve these targets.

In calculating the percentages, the Lottery distributors agreed a common definition including 'exclusions'.

Sport England gross costs include both operating costs and sport development costs.

We have achieved the 5 per cent target ahead of schedule. Plans are in place to meet the 8 per cent target. Our performance is steadily improving and costs are currently lower than original expectations.

Lottery cost targets	2012/13	2011/12
5% grant processing costs	4.3%	5.1%
8% gross costs	9.5%	10.4%

## How we use and manage our cash resources

### Grant-in-aid

Management of our Grant-in-aid cash resources is in line with the "Managing Public Money" requirement to only draw down funds when required.

For 2012/13 we had a closing cash balance of £0.5 million (2012: £2.3 million), however there were funds owed by the Lottery distribution account making the effective cash balances at 31 March of £6.3 million (2012: £6.0 million). In addition we have still not drawn down funds to cover capital retentions of £1.4 million. Providing the level of retentions remains the same year on year, we will not need to draw down these funds in the future.

### National Lottery

The control framework for Lottery funding is through a rolling five year investment and cash flow plan which is based on the following principles:

- Awards are only offered if we can demonstrate that a minimum balance of £20 million is maintained in the National Lottery Distribution Fund
- Ensuring that the right balance is maintained between having new award programmes in place to achieve our strategic objectives while taking into

account the uncertainty of Lottery income projections provided by DCMS

- Regular review by the Executive, Finance Committee and the Main Board.

The cash balance of funds available to Sport England within the National Lottery Distribution Fund (NLDF) for 2012/13 is £195.0 million (2012: £140.0 million). This is shown as financial assets in the Lottery financial statements (note 2).

The increase to the NLDF balance during the year of £55.0 million is due to increased level of ticket sales and slower than expected drawdown of funds by awardees.

Plans are in place to speed up drawdown and allocate significant funds in the coming year.

## Changes to our equity during the year

### Grant-in-aid

At 31 March 2013 tax payers' equity was £59.1 million (2012: £51.7 million). The increase includes the increases in the general reserve (£5.2 million), the pension reserve (£1.1 million) and the revaluation reserve (£1.1 million).

As at 31 March 2013 the value of the Group's non-current assets, which are mainly the National Sports Centres and equipment, had increased to £72.7 million (2012: £67.8 million).

The majority of this movement is due to additions at our National Sports Centres which have been funded by a Lottery award. An award of £16.0 million was accepted in April 2011 to provide the capital enhancements required to support the new management contracts which were effective from 1 April 2011.

The timing of expenditure, covering operating overheads and capital investment, meant that at 31 March 2013 receivables had increased during the year by £1.5 million and payables were £1.4 million lower. This results in an overall net receivables increase of £2.9 million

due to amounts owing by the Lottery account to the Grant-in-aid account. This is due to timing and amounts which were settled during April 2013.

### National Lottery

At 31 March 2013 equity was £9.2 million (31 March 2012: deficit £80.1 million). The increase includes the increases in the pension reserve (£1.7 million) and general reserve (£87.6 million).

Hard commitments for the year ended 31 March 2013 were £159.5 million (31 March 2012: £194.8 million). The reduction is due to the awards for NGB 2013-17 and a number of other new programmes not being accepted by 31 March.

### Defined Benefit Pension Scheme

The annual IAS 19 calculations of the defined benefit and unfunded pension obligations, resulted in a net liability in the balance sheet of £37.6 million (2012: £40.3 million).

Actuarial gains for the year were £0.1 million, made up of £5.6 million of losses due to changes in assumptions offset by increased returns on pension scheme assets of £5.7 million.

The last actuarial valuation of the scheme was undertaken at 31 March 2010 which indicated a deficit of £17.5 million, excluding unfunded obligations.

Unfunded obligations have resulted from enhanced exit packages being awarded to previous exiting staff members from the organisation. We currently contribute £0.5 million per year to fund these obligations.

The next triennial valuation is due on 31 March 2013 with the results known by 31 March 2014. This valuation will determine the future annual cash contributions to cover the scheme deficit.

During the year, special contributions of £1.6 million (2012: £6.5 million) were made into the scheme. This was funded 40 per cent from Grant-in-aid and 60 per cent from Lottery.

## Audit of our financial results

Sport England is required to have its Grant-in-aid financial statements audited by a body approved by the Secretary of State for the DCMS and appointed the Comptroller and Auditor General. It is also required to have its Lottery financial statements audited by the Comptroller and Auditor General. The audit fee was £59,500 for the Grant-in-aid group financial statements (2012: £51,000) for the Lottery account £59,500 (2012: £51,000).

The subsidiary companies were also audited by Comptroller and Auditor General and the audit fee was £21,000 (2012: £23,000).

## Other matters of interest

### Sustainability Reporting

Sport England falls below the threshold for mandatory inclusion of the Sustainability Report, however 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 sustainable business plans
- Reduction in printed material by using our website and email newsletters to disseminate information
- Use of recycled or sustainable sources of paper when printing
- Recycling redundant ICT equipment through charities that repurpose it for use in developing countries.

Jennie Price

Chief Executive and Accounting Officer of The English Sports Council

21 June 2013

## 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 2012/13 the average period for the payment of invoices was 21 days (2011/12: 20 days).

## Human Resources

During the year sickness absence excluding long-term sick absence, averaged 1.7 days per person (2012: 2.2 days).

There were four colleagues who had long term sickness of greater than 20 days (2011/12: four).

Sport England undertakes a regular colleague survey. The response rate for 2012 was 85 per cent (2011: 84 per cent). Overall the 2012 survey results show that our scores are better and more positive than in 2011 and 91 per cent of respondents said that they were proud to work for Sport England.

Nick Bitel

Chair of The English Sports Council

21 June 2013

# Remuneration report

## Remuneration policy

The Terms and Remuneration Committee is responsible for agreeing the Chief Executive's terms and remuneration. They also have an advisory role in relation to the remuneration of Executive Directors, including bonus payments. The Terms and Remuneration Committee's discretion to make decisions will at all times be in accordance with the Civil Service pay guidance published by HM Treasury.

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 Sport England as set out in the four-year spending review settlement with the Department for Culture, Media and Sport
- The requirement for Sport England to meet its agreed efficiency delivery programme
- The evidence Sport England receives about wider economic considerations and the affordability of its recommendations.

## Service contracts

All appointments including Executive Directors are made in accordance with Sport England's stated Recruitment and Selection Guidelines. Sport England'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 Executive Directors covered by this report hold

appointments, which are open-ended. Early termination, other than resignation, frustration or dismissal for disciplinary or capability reasons would result in the individual receiving payments as set out in the Organisational Change Policy. This Policy is not applicable to Non-Executive board members.

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

Board Members	Term of appointment
Richard Lewis	Apr 2009 to Mar 2013
Michael Farrar CBE	Mar 2005 to Mar 2013
Jill Ainscough	Apr 2007 to Apr 2013
Mich Stevenson OBE DL <sup>1</sup>	Apr 2007 to Oct 2013
James Stewart OBE <sup>1</sup>	Apr 2007 to Oct 2013
Martin Thomas	Apr 2007 to Apr 2013
Peter Rowley	Sep 2010 to Sep 2013
Nick Bitel	Sep 2010 to Sep 2013
Clare Connor OBE	Sep 2010 to Sep 2013
Hanik Malik	Sep 2010 to Sep 2013
Sadie Mason	Sep 2010 to Sep 2013
Peter Stybelski	Sep 2010 to Sep 2013

Executive Director	Date of appointment
Jennie Price	Apr 2007
Rona Chester	Mar 2010
Mike Diaper OBE <sup>2</sup>	Nov 2009
Charles Johnston	Aug 2008
Tanya Joseph	Jan 2012
Lisa O'Keefe	Jul 2008
Phil Smith	Sep 2008
Caroline Weber	Nov 2008 to Aug 2011

<sup>1</sup> The final term has been extended by six months while new Board Members are appointed.

<sup>2</sup> Mike Diaper was seconded from DCMS from October 2006 until his appointment in November 2009.

## Board Members' remuneration

Board Members' remuneration includes travel and an allowance for attendance at Board and sub-committee meetings of £218 per day (2012: £218).

There were no bonuses or benefit in kind payments made to board members during 2012/13 or 2011/12.

Subject to Audit	2012/13	2011/12
Richard Lewis <sup>(1)</sup>	20 - 25	45 - 50
Full time equivalent	110 - 115	110 - 115
Nick Bitel <sup>(2)</sup>	0 - 5	0 - 5
Michael Farrar CBE	-	-
Jill Ainscough	0 - 5	0 - 5
Mich Stevenson OBE DL	0 - 5	0 - 5
James Stewart OBE	0 - 5	-
Martin Thomas	0 - 5	0 - 5
Peter Rowley <sup>(3)</sup>	10 - 15	10 - 15
Clare Connor OBE	0 - 5	0 - 5
Hanik Malik	0 - 5	0 - 5
Sadie Mason	0 - 5	0 - 5
Peter Stybelski	0 - 5	0 - 5

### Notes

1. Richard Lewis served as Chairman of the Board until 31 March 2013.
2. During 2012/13 Nick Bitel served as a Non-Executive board member and was appointed as the new Chairman of the Board on 22 April 2013.
3. Peter Rowley served as a regional champion advocate for sport as well as being a board member during 2012/13 and 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 in both years.

## Executive Directors' remuneration

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

### Salary

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

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

### Bonus

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 2011/12 or 2012/13. Individuals eligible for a bonus waived that entitlement in both 2011/12 and 2012/13.

## Benefits-in-kind

The monetary value of benefits in kind covers any benefits provided by the employer and

treated by the HMRC as a taxable emolument. There were no benefits-in-kind for either of the two years contained in this report.

Subject to audit	2012/13			2011/12		
	Salary £'000	Bonus £'000	Benefits in kind	Salary £'000	Bonus £'000	Benefits in kind
Jennie Price <sup>(1)</sup>	145 – 150	-	-	130 – 135	-	-
Full time equivalent is	160 - 165		-	160 – 165		
Rona Chester <sup>(2)</sup>	150 – 155	-	-	145 – 150	-	-
Charles Johnston	125 – 130	-	-	125 – 130	-	-
Lisa O'Keefe	110 – 115	-	-	110 – 115	-	-
Phil Smith	110 - 115	-	-	110 – 115	-	-
Mike Diaper OBE	95 – 100	-	-	95 – 100	-	-
Tanya Joseph	110 – 115	-	-	25 - 30	-	-
Full year equivalent is				110 - 115		
Caroline Weber	-	-	-	40 - 45	-	-
Full year equivalent is				105 - 110		
Band of highest paid directors	160-165			160-165		
total remuneration						
Median total remuneration	£41,722			£40,600		
Remuneration ratio	3.9			4.0		

## Notes

1. During 2011/12 the Chief Executive increased her hours from 4 days per week to 4.5 days per week meaning 2012/13 is the first full year which contains remuneration for 4.5 days. The Chief Executive received a 1 per cent pay award in line with other staff and Executive Directors of the organisation.
2. The 1 per cent pay award has resulted in the movement to a higher pay band for Rona Chester, the Chief Operating Officer.

## Median remuneration of staff

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

The banded remuneration of the highest-paid director in Sport England in the financial year 2012/13 was £160k - £165k (2012: £160k - £165k).

This was 3.9 times (2012: 4.0) the median remuneration of the workforce, which was £41,722 (2012: £40,600). In 2012/13: no employees (2012: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £12,251 to £151,500 (2012: £11,367 - £150,000).

## Pension benefits

Pension benefits are provided through the London Pension Fund Authority Superannuation Scheme (LPFA) and Aviva Group Personal Pension Plan (GPPP). The LPFA scheme was closed to new members on 30 September 2005.

LPFA: Employee contributions are set at the rate of 5.5-7.5 per cent of pensionable earnings. Benefits are 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 aligned to changes in the tax free lump sum available to retirees. Sport England is one of a large number of employers whose staff participates in the scheme.

GPPP: Sport England operates a GPPP with Aviva. This scheme was moved from Aegon Scottish Equitable to Aviva on 1 April 2012. Colleagues choose the level of contribution into their personal pension fund. The alternative levels of contributions are:

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

For two Executive Directors, Sport England contributes 10 per cent of their annual basic salary to personal pension plans with Standard Life and St. James's Place. The total CETV value includes Sport England as well as previous employer contributions.

Colleagues may also choose to contribute to the GPPP and St James's Place schemes through salary exchange arrangements.

## Cash equivalent transfer values

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 (LPFA only)

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.



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

	Accrued pension at age 65 as at 31/03/13	Real increase in pension at age 65	Real increase in lump sum at age 65	Lump sum at 31/03/13	CETV at 31/03/13	CETV at 31/03/12	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Lisa O'Keefe	15-20	0 – 2.5	(2.5) – 0	30 – 35	238	222	8

### Personal Pension Scheme (subject to audit)

	Provider	Employer Contributions for the Year 2013	CETV at 31/03/13	Employer Contributions for the Year 2012	CETV at 31/03/12
		£'000	£'000	£'000	£'000
Jennie Price	Standard Life	15	463	12	389
Rona Chester	St. James's Place	15	270	15	196
Caroline Weber	Scottish Equitable Group Stakeholder Pension Scheme	-	-	3	40
Phil Smith	Aviva Group Personal Pension Plan	12	110	12	78
Mike Diaper OBE	Aviva Group Personal Pension Plan	8	49	8	31
Tanya Joseph	Aviva Group Personal Pension Plan	12	27	3	3

## Exit packages

2012-13 (subject to audit)			
Cost Band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<£10,000	Nil	3	3
£10,000 - £25,000	Nil	2	2
£25,000 - £50,000	Nil	1	1
£50,000 - £100,000	Nil	1	1
£100,000 - £150,000	Nil	1	1
<b>Total number of exit packages</b>	<b>Nil</b>	<b>8</b>	<b>8</b>
<b>Value of exit packages</b>		<b>£285,150</b>	
2011/12 Restated (subject to audit)			
Cost Band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<£10,000	Nil	3	3
£10,000 - £25,000	Nil	2	2
£25,000 - £50,000	Nil	2	2
£50,000 - £100,000	Nil	1	1
£100,000 - £150,000	Nil	1	1
<b>Total number of exit packages</b>	<b>Nil</b>	<b>9</b>	<b>9</b>
<b>Value of exit packages</b>		<b>£297,938</b>	

## Notes

- Exit packages are paid under terms of employment and no ex-gratia payments were made.
- No exit packages were paid to Executive Directors in 2012/13 (2012: Nil).
- One exit package agreed during 2011/12 has been restated from the cost band £50k -£100k to £25k - £50k. The restatement is due to actual costs paid during 2012/13 being lower than provided for in 2011/12.

Jennie Price

Nick Bitel

Chief Executive and Accounting Officer of The English Sports Council

Chair of The English Sports Council

21 June 2013

21 June 2013



**The English Sports Council  
Grant-in-Aid  
and  
The English Sports Council Group**

**Financial Statements  
for the year ended 31 March 2013**

# 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, Media and Sport, with the consent of HM Treasury.

The financial statements are prepared on an accruals basis to show a true and fair view of the Council and Group's state of affairs at the period end, and of its income and expenditure and cash flows for the financial period.

In preparing the financial statements the Council is required to:

- Observe the accounts direction issued by the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and

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

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

The Accounting Officer of The English Sports Council is responsible for preparing financial statements that give a true and fair view, and for making available to the auditors all relevant information for their purposes.

So far as the Accounting Officer is aware there is no relevant audit information of which The English Sports Council's auditors are unaware. Further, the Accounting Officer has taken all the steps she ought to have taken to make herself aware of any relevant audit information and to establish that The English Sports Council's auditors are aware of that information.

Jennie Price

Nick Bitel

Chief Executive and Accounting Officer of The English Sports Council

Chair of The English Sports Council

21 June 2013

21 June 2013

# Governance Statement

## Overview

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 financial statements, 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 Board<sup>1</sup>, 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 Governance Statement. Inputs and assurances that have informed the 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
- Signed assurance statements to the Accounting Officer from all Executive Directors covering the risk, control and governance framework including an assurance that proper and reasonable internal controls operated effectively and that proper standards of conduct had been maintained during 2012/13

- 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 (corporate, 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 and practices against the key criteria for effective governance we require our core funded NGBs and National Partners to meet as part of the 2013-17 funding requirements.

## Conclusion

As set out in the detail of this Statement, Sport England's corporate governance framework and practices:

- Meet the governance requirements we have set NGBs and National Partners in receipt of 2013-17 (or 2013-15) funding; and
- Comply with the detail of all but one of the key areas of the Corporate Governance Code (as applicable to Sport England as a Non-Departmental Public Body). This demonstrates an improved position since the 2011/12 Statement. Sport England also largely complies with the one final area of the Code (Board Effectiveness) and expects to fully comply during the 2013/14 year.

The Board successfully led the organisation through an exceptionally demanding year. The most significant areas of its work and its

<sup>1</sup> All references to 'Board' refer to the Sport England Main Board unless otherwise stated

key achievements in 2012/13 included:

- Scrutiny of the processes and proposals for National Governing Body awards totalling £493 million for the 2013-17 period;
- Sport England’s contribution to the Olympic Legacy including:
  - the Board’s oversight of a strong, sustainable facilities legacy through the Inspired and Iconic Facilities

programmes which saw the Inspired programme meet its target of 1,000 grants one year early; and

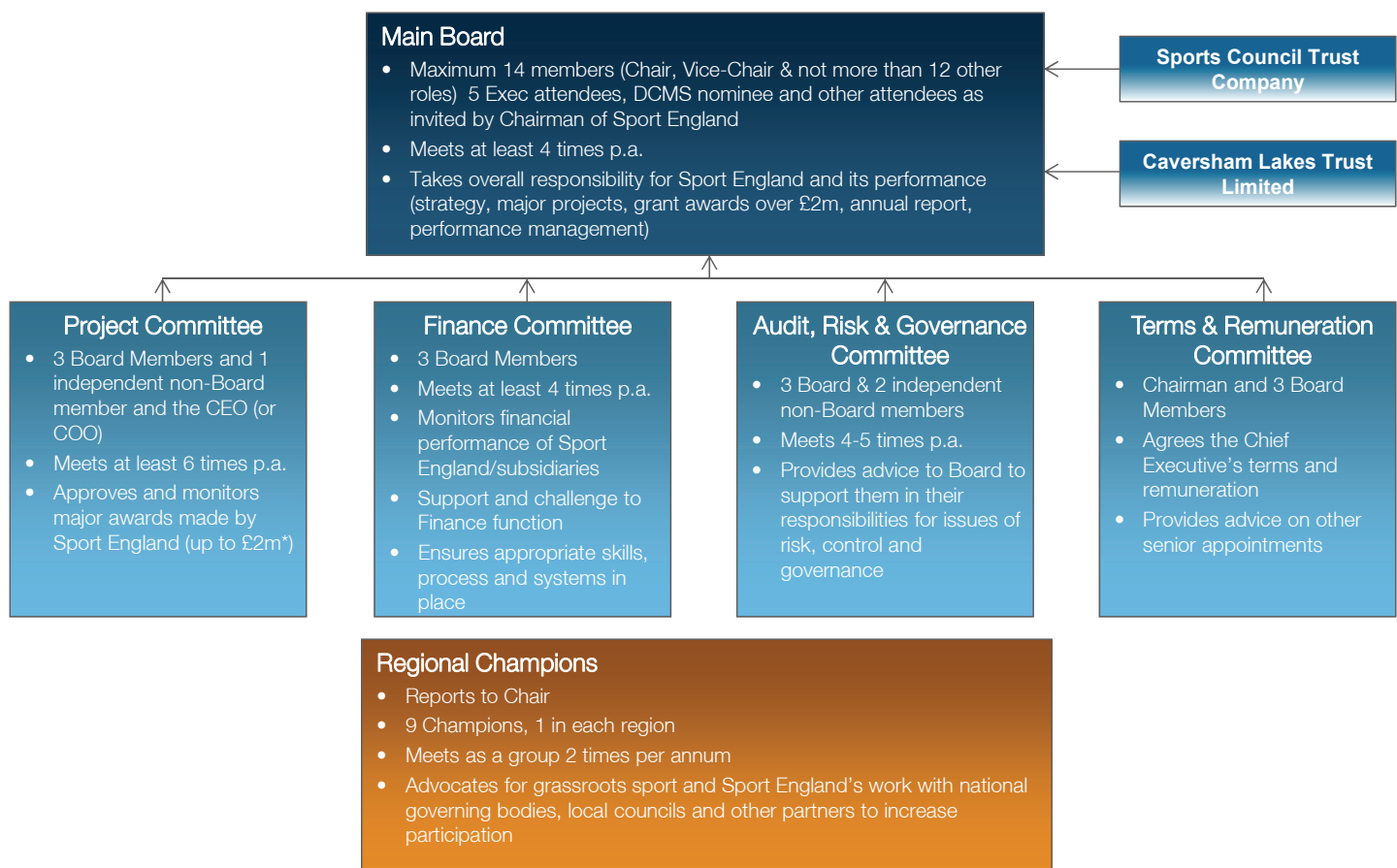
- its work to protect playing fields.

- A revised risk appetite statement;
- Board succession planning to manage the inherent risks associated with transition to a new Board.

This Statement confirms the Sport England Board’s commitment to good governance.

## 1. The Governance Framework

Sport England’s governance framework consists of a Board, a number of sub-committees and two subsidiaries<sup>2</sup> that report to the Board as shown 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. The Board and sub-committee meetings that took place in year are summarised at the end of this statement.



\*Project Committee approves awards between £0.5m and £2m. The Committee makes recommendations to the Board on awards over £2m. Exchequer awards under £100k (or £500k for Lottery awards) can be approved by the relevant Directors and the CEO has delegated authority to approve awards up to £1m

<sup>2</sup> Caversham Lakes Trust Ltd became dormant at the end of March 2012 through the transfer of all assets and Liabilities to the Sports Council Trust Company.

## 2. The Sport England Context

Throughout the year we have continued to strengthen our own governance framework and improve our own governance practices. In parallel, we have also continued to work with the sector that we fund to help bring about a step change in sports governance.

Our 'Governance Strategy: On board for better governance', published in May 2012, reflects accepted good practice and sets out our governance requirements and the help and support we offer. During the year our NGBs and National Partners set out how they intend to meet our 'key criteria for effective

governance' (see below). We will continue to support our NGBs and National Partners in meeting these requirements including, where helpful, by the provision of training, support and advice.

We have again measured, and will continue to measure, Sport England against these key criteria and we have set out in this statement our progress on the areas we highlighted for improvement last year as well as further areas our Board has identified for improvement through its 2012/13 self-evaluation process

---

### 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 per cent 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 the 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 per cent 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.

### 3. 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 agreements with the DCMS, "Dear Accounting Officer letters" and Financial Directions. I am also personally responsible for ensuring that Sport England complies with the National Lottery Act 2006.

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.

### 4. 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. This year we consider we comply with the spirit of the Code as applicable to Sport England as an arm's length body. We have implemented areas we identified for improvement in our statement last year and have also identified some further 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, 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.

#### Principal focus

The Board's principal focus, as shown in the table below, is to deliver Sport England's 2012-17 strategy which aims to help people and communities across the country create a sporting habit for life. The Board is also responsible for ensuring that funding derived from Lottery and Exchequer sources is used to further our objectives.



## Board achievements, 2012/13

<p><b>The most significant areas of work for the Board in 2012/13 were:</b></p> <p>a) National Governing Body awards totalling £493m for the 2013-17 period. This work included:</p> <ul style="list-style-type: none"> <li>• scrutiny of the overall award process</li> <li>• value for money principles</li> <li>• payment for results</li> <li>• contestability</li> <li>• scrutiny and approval of specific funding proposals for each NGB.</li> </ul> <p>b) Sport England's contribution to the Olympic Legacy. This included:</p> <ul style="list-style-type: none"> <li>• The Board's oversight of a strong, sustainable facilities legacy through the Inspired and Iconic Facilities programmes which saw the Inspired programme meet its target of 1,000 grants one year early</li> <li>• Sport England's work to protect playing fields.</li> </ul>	<p><b>Other key areas included:</b></p> <ul style="list-style-type: none"> <li>• Scrutiny of the Active Women Themed Round which has informed a new, more focussed, approach to the funding of women in sport as initiated by our Place Based Pilot (Women).</li> <li>• De-commitments where NGBs were not delivering to target. The Board has stated its intention to continue to work hard to provide financial support to sports that deliver increased participation using the de-commitment process where necessary to support this.</li> <li>• Review of the medium term financial plan</li> <li>• The proposed merger with UK Sport. Although this is no longer proceeding, co-location and closer working with UK Sport has been agreed.</li> <li>• Oversight of internal controls, operating and financial performance and regular review of the corporate risk profile. A Board workshop on the corporate risk profile and risk appetite was held in January 2013.</li> </ul>
---	---

### Data Scrutiny

The Board's role also includes detailed scrutiny of the data provided to it to support its decisions. 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 that informs this decision making. Detailed information from the survey supported de-commitment and reallocation decisions made during the year. The outcomes of our 'Places People Play' programme were also externally evaluated, including Inclusive Sport and Sportmakers.

### Continuous improvement

A number of areas were identified for improvement in last year's statement as a result of the Board's evaluation of its own effectiveness and through measuring Sport

England against the principals and supporting provisions of the corporate governance code. Areas identified last year that were actioned during 2012/13 included:

- The provision of a balanced score card to enable the board to have a clearer snapshot of key areas of work and performance indicators for the organisation
- Review and approval of the Board's terms of reference and inclusion of a section on matters reserved for the Board
- Incorporation, in its terms of reference, of an annual review of our Board's effectiveness.

### Succession Planning

In line with our requirements for NGBs and National Partners, succession planning has

been a key focus for the Board this year. Richard Lewis stepped down as Chair in April 2013 after one term due to commitments following his appointment as CEO to the All England Tennis Club. Nick Bitel was appointed as Chair on 22 April 2013.

Five Board members reached their maximum length of tenure at the end of the financial year and, in line with our requirements for NGBs and National Partners, three Board Members stepped down at the end of March 2013. Two members, Mich Stevenson and James Stewart, who respectively chair our

Project and Finance Committees, have each been reappointed for a third term of six months only (expiring on 15 October 2013) to ensure a managed transfer of knowledge and the continued effective operation of the key committees which they chair. This more staged timing of departure and appointment should, in future, better manage the risks associated with a large proportion of Board members stepping down simultaneously.

### Sub-Committees of the Board

During the year the key areas scrutinised by Board subcommittees and, as appropriate, the key decisions they made included:

Finance Committee	<ul style="list-style-type: none"> <li>• The 2011/12 draft financial statements</li> <li>• The medium term plan, in advance of the Board’s review</li> <li>• Sport England’s management of cash flow, with a particular emphasis on lottery awards pipeline and lottery cash balance</li> <li>• Quarterly management accounts</li> <li>• Judgements made with respect to allocation of expenditure</li> </ul>
Project Committee	<ul style="list-style-type: none"> <li>• Inspired Facilities</li> <li>• National Partner Awards (2013-15)</li> <li>• CSP Club Link Makers</li> <li>• Inclusive Sport</li> <li>• Improvement Fund</li> </ul>
Audit, Risk and Governance Committee	<ul style="list-style-type: none"> <li>• Regular reports on fraud</li> <li>• Detailed feedback, challenge and advice in relation to the financial statements process which has been further strengthened as a result.</li> <li>• The outcome of self-assurance and on-site audit reports, providing challenge and seeking further assurance where they considered Sport England funds to be at potential risk.</li> <li>• Internal audit reports (Internal and External Auditors were present at all Audit, Risk and Governance Committee meetings and, at the Committee’s request, internal and external audit met privately, without management present, once during the year. The option for these private meetings is a standing agenda item)</li> </ul> <p>The Committee also commented and challenged management on key risks at each meeting with a number of risks reworded or re-assessed as a result.</p>

In addition to the above Board sub-committees Sport England also has an Equality Group, set up to oversee the development of Sport England’s Equality Scheme and the Equality Action Plan, remains in place. 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. Our Board’s updated terms of reference also make specific reference to promoting diversity and inclusion in order to drive up

participation across various groups, including women, ethnic minorities, those with disabilities and lesbian, gay, bisexual and transgender individuals.

## 5. 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 for 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 compliant with the spirit of the Code and have identified some small areas for improvement. We are also compliant with the requirements we are setting for NGBs as part of 2013-17 funding.

The Board:

- Is made up 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 through an open and transparent recruitment process.
- Is diverse and, as at 31 March 2013, included three women (25 per cent of total membership) and two BME members. This already meets the expectation we have set for NGBs and National Partners for 2017.
- Considers that its composition is appropriate with the right mix of skills to maximise performance in the light of future strategy.
- Carried out a skills and experience assessment of existing members during the year. Skills and experience areas that will be less well represented when members of the Board stand down in

March 2013 will inform the appointment of new members. This is in line both with good practice the requirements we set out in our Governance Strategy.

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. Other than for the two six month extensions we have highlighted above for reasons of business continuity, Sport England meets this requirement.

The length of tenure requirement we have set out for NGBs and National Partners is 'normally 2 x 4 years'. This requirement is met by the Sport England Board.

## 6. 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, a 2011/12 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 for core funded NGBs for 2013-17.

We have implemented the areas we highlighted for improvement last year and the Board has also identified some areas for improvement through their self-evaluation process. Key areas that demonstrate the Board's current and continuing commitment to its effectiveness include:

- The 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.
- Consideration is to be given to items

reported at Board Meetings, in particular, the level of detail provided, to ensure that the Board is providing strategic leadership and the organisation is fully able to benefit from the knowledge and skills that Board Members are able to bring to Board discussions.

- A training session at the strategy meeting/away day is to be arranged in the summer, when the new Board is in place.
- Some Board Members commented through the Board evaluation that they were unfamiliar with the process in place to evaluate the CEO. The Chair does conduct an annual appraisal of the CEO which is reported to the Terms and Remuneration Committee and consideration is to be given as to whether it is appropriate to feed the results of this to the full Board.
- The evaluation process highlighted that the Board has a strong level of confidence in both the CEO and Chair in their respective management and leadership of the organisation and the Board.
- The Board, all sub-committees other than the Terms and Remuneration Committee (which meets annually) and the Sports Council Trust Company carried out formal evaluations. All continuing Board members were also subject to individual appraisals by the Chair. We highlighted last year the need for our Project Committee to carry out a formal evaluation: the committee undertook this for the first time this year.
- In January 2013, the Board held a short workshop session on the Governance Statement and approved key issues and reports to be highlighted in this statement as well as the timetable and approval processes for the Statement. 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 or

identified members leave the room for duration of the discussion. This is common practice for the Board and its subcommittees and was, as always, strictly adhered to during the 2013-17 awards decision process. In addition to this, there is a system to record and manage conflicts and potential conflicts of interest of Board members on an on-going basis.

## 7. 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 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. The terms of reference for our Board and Audit, Risk and Governance Committees, which we identified last year were not published on our website, are now published and publically available as are those of our Board.

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 2012. Executive Group regularly identifies and evaluates key risks to the delivery of Sport England's strategy.

A cyclical approach to review of corporate 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
- Formal identification and assessment of risks for each award assessed by grants

management staff as part of the awards assessment process

- Risk training workshops
- A detailed fraud risk assessment
- A cross-directorate risk group which is in place to integrate understanding and management of corporate and operational risk across the organisation.

In January 2013 the Board held its second risk workshop. Sport England's revised risk appetite statement, which was one of the outputs of the workshop, is set out below. The Board will review this statement during 2013/14 and, subject to the agreement of the new Chair on timing, will have a full risk workshop again in two years. This is at the Board Chair's and Audit, Risk and Governance Committee Chair's request

### Board Risk Appetite Statement

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. The Board continues to encourage an open, honest, self-aware culture in relation to risk and 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. It understands that it takes time for all colleagues to feel comfortable with this concept as the policies and processes that support it become fully embedded in the culture of the organisation.

Sport England's Board has re-defined its overall risk appetite. In general terms, its risk appetite is 'medium'. However, it considers the risk and control framework to have strengthened over the last two years. As a consequence it considers that there is potential for Sport England to adopt a higher risk appetite in relation to:

- Innovation: Testing innovative delivery models and techniques
- Performance management: Being more assertive and making more radical shifts in funding where performance is poor
- Voice: Taking a positive approach to influencing policy based on specialist knowledge and expertise
- Openness: Being a more open and transparent organisation in respect of the information that we publish

The Board continues to have a low risk tolerance in relation to the management of public funds.

The most recent version of the corporate risk register (as at 31 March 2013) was informed by the Board risk workshop in January 2013 and Executive's consideration of the risk profile in February 2013. Executive's review of the significant risks which are pertinent to 2013-14 are reflected below.

### Key risks and material factors

The key risks facing the organisation at year-end related to:

- The short term pressure to deliver a tangible legacy from the Olympic and Paralympic Games in the context of the long term nature of the behavioural change needed to deliver significant growth in participation
- Capacity constraints both within Sport England and key partners
- New skills being required to support growth in participation.

All of these risks are fully reflected in the strategic risk register which is regularly reviewed by the Executive and there are actions in place to address them.

Looking forward, the factors which I consider to be material to Sport England's governance, risk and internal control framework and our operating environment are:

- The shift in the balance of our funding from an approximately equal split between Exchequer and Lottery to a much greater reliance on Lottery funding and the potential challenges that poses (this was reflected in the year-end risk register)
- Reliance on and use of increasing numbers of data sources, particularly in view of our successful bid for the London 2012 Legacy database
- The volume of investment decisions that we have made and will continue to make under the Olympic Legacy, and other, programmes.

### Information risks

In relation to information governance, the

Senior Information Risk Officer reported that:

- There were no losses of personal data, either from Sport England's IT systems or through the loss of hardcopy records. This represents an improvement on the position last year.
- Within-deadline response rates for Freedom of Information requests have improved significantly since last year (85 per cent from 62 per cent) exceeding the target set for 2012/13 (80 per cent)
- During the year, the organisation's Information Risk Assessment processes operated effectively and these risks were managed appropriately
- Processes are being continuously improved and further work is required to foster a more mature culture in order to ensure full compliance with the mandatory requirements of the Cabinet Office HMG Security Policy Framework.

## 8. 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 2012/13.

The current economic climate is such that there is a heightened risk to all grant giving bodies of fraud. There have been a small number of incidents where fraud has been suspected by a grant recipient organisation or by individuals in a management position at the recipient organisation. We are actively working with the police in two cases, one of which was reported by the recipient itself.

### Independent assurances

A number of sources of independent assurance were in place during the 2012/13 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 on the project management of SPOGO (formerly Active Places) and technical advice on options for the future development of our Active People survey was commissioned from by the Government Statistical Service/Office for National Statistics. A report was also commissioned

on the design of our 2013-17 value for money assessment process.

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.

## 9. Sport England Board and Sub-Committees: Attendance Records

Name	Board	Audit, Risk and Governance Committee	Finance Committee	Project Committee	Terms and Remuneration Committee
Number of meetings in the year	8	6	4	6	1
Richard Lewis	8				1
Jill Ainscough	4				
Nick Bitel	7	5			
Clare Connor	4			3	
Mike Farrar	7	3			
Hanif Malik	7			6	
Sadie Mason	8		2		
Peter Rowley	8	6	4		
Mich Stevenson	7			5	
James Stewart	5		4		
Peter Stybelski <sup>1</sup>	8			2	1
Martin Thomas	8			6	
John Flook <sup>2</sup>		6			
Paul Millman <sup>2</sup>				5	
Ralph Sharp <sup>3</sup>		3			
David Oliver <sup>4</sup>		3			

<sup>1</sup> Appointed to Project Committee in December 2012

<sup>2</sup> Independent Non-Executive and non-Board Member

<sup>3</sup> Independent Non-Executive and non-Board Member, tenure ended June 2012

<sup>4</sup> Independent Non-Executive and non-Board Member, appointed August 2012

Jennie Price

Nick Bitel

Chief Executive and Accounting Officer of The English Sports Council

Chair of The English Sports Council

21 June 2013

21 June 2013

# 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 2013. The financial statements comprise: the Group and Council Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration 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 the English Sports Council's circumstances and have been consistently applied and

adequately disclosed; the reasonableness of significant accounting estimates made by the English Sports Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. 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 group's and of English Sports Council's affairs as at 31 March 2013 and of the group's and the parent's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Royal Charter of the English Sports Council and Secretary of State directions



issued thereunder.

### Opinion on other matters

In my opinion:

- the 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 and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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

Date 1 July 2013

# Index to the Grant-in-aid Financial Statements

Abbreviation	Financial statements	
SOCNE	Statement of comprehensive net expenditure	56
SOFP	Statement of financial position	57
Cash flow	Statement of cash flows	58
Equity	Statement of changes in taxpayers' equity - Group	59
Equity	Statement of changes in taxpayers' equity - Council	60
Note number	Notes to the financial statements	
1	Statement of accounting policies	61
2	Grants received	67
3	Other income	67
4	Big Lottery Fund: Active England	67
5	Grants	68
6	Staff costs	69
7	National sports centres	69
8	Sports development costs	70
9	Operating costs	71
10	Analysis of total expenditure by programme and administration	72
11	Interest receivable	72
12	Financial asset income	73
13	Taxation	73
14	Property, plant and equipment (Group and Council)	74-75
15	Intangible assets	76
16	Financial assets	77
17	Inventory	78
18	Trade and other receivables	78
19	Net grants outstanding	79
20	Trade and other payables	79
21	Provisions	80
22	Contingent liabilities	80
23	Capital commitments	80
24	Pension liabilities	81
25	Revaluation reserves	85
26	National centre reserve	85
27	General reserve	85
28	Reconciliation of net operating expenditure to net cash outflow	86
29	Prior year restatement	87
30	Related party transactions	89
31	Derivatives and other financial instruments	92
32	Post financial year-end events	92

# Statement of comprehensive net expenditure

	Note	Group		Council	
		2013	2012	2013	2012
		£'000	£'000	£'000	£'000
			Restated		Restated
<b>INCOME</b>					
Grants received	2	6,489	8,234	1,300	3,910
Other income	3	773	1,365	660	1,169
Big Lottery Fund: Active England	4	(741)	-	(741)	-
<b>Total income</b>		<b>6,521</b>	<b>9,599</b>	<b>1,219</b>	<b>5,079</b>
<b>EXPENDITURE</b>					
Grants	5	80,497	82,019	80,481	82,013
Big Lottery Fund: Active England	4	(741)	-	(741)	-
Staff costs	6	5,398	5,098	5,398	5,094
National sports centres	7	4,194	3,881	4,194	3,881
Sports development costs	8	3,972	3,755	3,972	3,755
Operating costs	9	5,386	4,947	3,119	2,595
Assets gifted to subsidiaries	14	-	-	1,909	1,060
Loss on disposal of fixed assets		43	-	-	-
<b>Total expenditure</b>	<b>10</b>	<b>98,749</b>	<b>99,700</b>	<b>98,332</b>	<b>98,398</b>
<b>OTHER</b>					
Other finance income		338	259	338	259
Loss/(gain) on revaluation		689	(309)	-	-
<b>Total Other</b>		<b>1,027</b>	<b>(50)</b>	<b>338</b>	<b>259</b>
<b>Net operating expenditure before interest, financial asset income and taxation</b>		<b>(93,255)</b>	<b>(90,051)</b>	<b>(97,451)</b>	<b>(93,578)</b>
Interest receivable	11	28	23	28	23
Financial asset income	12	19	17	-	-
Taxation	13	(7)	(6)	(7)	(6)
<b>Net operating expenditure for the year</b>		<b>(93,215)</b>	<b>(90,017)</b>	<b>(97,430)</b>	<b>(93,561)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Surplus owing to revaluation of properties	25	705	390	-	-
Net gain/(loss) on financial assets		39	(7)	-	-
Pension actuarial gain/(loss)		51	(7,172)	51	(7,172)
<b>Total comprehensive expenditure for the year</b>		<b>(92,420)</b>	<b>(96,806)</b>	<b>(97,379)</b>	<b>(100,733)</b>

The prior year numbers have been restated in order to better reflect the underlying treatment of payments into the defined benefit pension schemes (note 29).

Certain items within the Statement of comprehensive net expenditure have been reclassified in order to better present the information contained therein (note 1.4).

All income and expenditure relates to continuing activities.

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

# Statement of financial position

	Note	Group			Council		
		2013 £'000	2012 £'000 Restated	2011 £'000 Restated	2013 £'000	2012 £'000 Restated	2011 £'000 Restated
<b>NON CURRENT ASSETS</b>							
Property, plant and equipment	14	71,555	66,688	62,455	428	454	132
Intangible assets	15	543	469	230	543	469	230
Financial assets	16	637	598	605	-	-	-
<b>Total non current assets</b>		<b>72,735</b>	<b>67,755</b>	<b>63,290</b>	<b>971</b>	<b>923</b>	<b>362</b>
<b>CURRENT ASSETS</b>							
Inventory	17	-	-	-	-	-	-
Assets for resale		-	-	299	-	-	299
Trade and other receivables	18	9,606	8,096	5,452	8,719	6,155	5,068
Cash and cash equivalents		526	2,341	2,814	516	2,320	2,758
<b>Total current assets</b>		<b>10,132</b>	<b>10,437</b>	<b>8,565</b>	<b>9,235</b>	<b>8,475</b>	<b>8,125</b>
<b>Total assets</b>		<b>82,867</b>	<b>78,192</b>	<b>71,855</b>	<b>10,206</b>	<b>9,398</b>	<b>8,487</b>
<b>CURRENT LIABILITIES</b>							
Net grants outstanding	19	(1,627)	(1,785)	(2,394)	(1,627)	(1,785)	(2,394)
Trade and other payables	20	(5,855)	(7,239)	(4,568)	(5,203)	(5,500)	(4,335)
<b>Total current liabilities</b>		<b>(7,482)</b>	<b>(9,024)</b>	<b>(6,962)</b>	<b>(6,830)</b>	<b>(7,285)</b>	<b>(6,729)</b>
<b>NON CURRENT LIABILITIES</b>							
Provisions	21	-	(40)	(282)	-	(40)	(282)
Pension liabilities	24	(16,334)	(17,454)	(13,695)	(16,334)	(17,454)	(13,695)
<b>Total non current liabilities</b>		<b>(16,334)</b>	<b>(17,494)</b>	<b>(13,977)</b>	<b>(16,334)</b>	<b>(17,494)</b>	<b>(13,977)</b>
<b>Total liabilities</b>		<b>(23,816)</b>	<b>(26,518)</b>	<b>(20,939)</b>	<b>(23,164)</b>	<b>(24,779)</b>	<b>(20,706)</b>
<b>Assets less liabilities</b>		<b>59,051</b>	<b>51,674</b>	<b>50,916</b>	<b>(12,958)</b>	<b>(15,381)</b>	<b>(12,219)</b>
<b>TAXPAYERS EQUITY</b>							
Reserves	25-27	59,051	51,674	50,916	(12,958)	(15,381)	(12,219)
<b>Total taxpayers equity</b>		<b>59,051</b>	<b>51,674</b>	<b>50,916</b>	<b>(12,958)</b>	<b>(15,381)</b>	<b>(12,219)</b>

A third balance sheet has been included in order to reflect the changes on prior periods resulting from a change in the underlying treatment of payments into the defined benefit pension schemes (note 1.5 and note 29).

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

Jennie Price

Nick Bitel

Chief Executive and Accounting Officer of The English Sports Council  
21 June 2013

Chair of The English Sports Council  
21 June 2013

## Statement of cash flows

	Note	Group		Council	
		2013 £'000	2012 £'000 Restated	2013 £'000	2012 £'000 Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Grants paid		(80,655)	(82,627)	(80,639)	(82,621)
Other activities		(12,237)	(10,966)	(18,374)	(13,927)
Interest received	11	28	23	28	23
Taxation paid		(7)	(6)	(7)	(6)
<b>Net cash outflow from operating activities</b>		<b>(92,871)</b>	<b>(93,576)</b>	<b>(98,992)</b>	<b>(96,531)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(8,517)	(4,446)	(2,366)	(1,439)
Purchase of intangible assets	15	(282)	(338)	(282)	(338)
Purchase of assets for resale		-	299	-	299
Financial asset income	12	19	17	-	-
<b>Net cash outflow from investing activities</b>		<b>(8,780)</b>	<b>(4,468)</b>	<b>(2,648)</b>	<b>(1,478)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Grant-in-aid – resource		70,281	65,776	70,281	65,776
Grant-in-aid – capital		29,533	31,795	29,533	31,795
DCMS grant		22	-	22	-
<b>Net cash inflow from financing activities</b>		<b>99,836</b>	<b>97,571</b>	<b>99,836</b>	<b>97,571</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,815)</b>	<b>(473)</b>	<b>(1,804)</b>	<b>(438)</b>
Cash and cash equivalents at 1 April		2,341	2,814	2,320	2,758
<b>Cash and cash equivalents at 31 March</b>		<b>526</b>	<b>2,341</b>	<b>516</b>	<b>2,320</b>

2012 figures remain as reported in the prior year, however due to the revised layout of this statement we have provided additional disclosure on cash flows from operating activities.

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

## Statement of changes in taxpayers' equity – Group

	Group					
	Note	Revaluation reserve	National centre reserve	Pension reserve	General reserve	Total
		£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2011</b>		10,380	34	(15,030)	55,532	50,916
Restatement of opening pension reserve	29	-	-	1,335	(1,335)	-
<b>Restated balance at 1 April 2011</b>		10,380	34	(13,695)	54,197	50,916
Net operating expenditure for the year		-	-	-	(90,017)	(90,017)
Surplus owing to revaluation of properties		391	-	-	-	391
Amortisation of revaluation reserve		285	-	-	-	285
Revaluation adjustment Caversham Lakes		(90)	-	-	-	(90)
Other movements in subsidiary reserves		-	-	-	(210)	(210)
Actuarial loss for the year		-	-	(7,172)	-	(7,172)
Transfer between reserves		-	-	3,413	(3,413)	-
Grant-in-aid received - resource		-	-	-	65,776	65,776
Grant-in-aid received - capital		-	-	-	31,795	31,795
<b>Restated balance at 31 March 2012</b>		10,966	34	(17,454)	58,128	51,674
Net operating expenditure for the year		-	-	-	(93,215)	(93,215)
Surplus owing to revaluation of properties		705	-	-	-	705
Amortisation of revaluation reserve		350	-	-	-	350
Other movements in subsidiary reserves		-	-	-	(316)	(316)
Release of national centres reserve		-	(34)	-	-	(34)
Actuarial gain for the year		-	-	51	-	51
Transfers between reserves		-	-	1,069	(1,069)	-
Grant-in-aid received - resource		-	-	-	70,281	70,281
Grant-in-aid received - capital		-	-	-	29,533	29,533
Grant received		-	-	-	22	22
<b>Balance at 31 March 2013</b>		12,021	-	(16,334)	63,364	59,051

The opening balances and the yearly movements for the general reserve and the pension reserve have been restated in order to present the effect of a change to the underlying treatment of payments into the defined benefit pension schemes (note 1.5 and note 29).

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

## Statement of changes in taxpayers' equity - Council

	Council				
	Note	National centre reserve £'000	Pension reserve £'000	General reserve £'000	Total £'000
<b>Balance at 1 April 2011</b>		<b>34</b>	<b>(15,030)</b>	<b>2,777</b>	<b>(12,219)</b>
Restatement of opening pension reserve	29	-	1,335	(1,335)	-
<b>Restated balance at 1 April 2011</b>		<b>34</b>	<b>(13,695)</b>	<b>1,442</b>	<b>(12,219)</b>
Net operating expenditure for the year		-	-	(93,561)	(93,561)
Actuarial loss for the year		-	(7,172)	-	(7,172)
Transfer between reserves		-	3,413	(3,413)	-
Movements in pension reserve		-	-	-	-
Grant-in-aid received - resource		-	-	65,776	65,776
Grant-in-aid received - capital		-	-	31,795	31,795
<b>Restated balance at 31 March 2012</b>		<b>34</b>	<b>(17,454)</b>	<b>2,039</b>	<b>(15,381)</b>
Net operating expenditure for the year		-	-	(97,430)	(97,430)
Actuarial gain for the year		-	51	-	51
Transfer between reserves		-	1,069	(1,069)	-
Release of national centres reserve		(34)	-	-	(34)
Grant-in-aid received - resource		-	-	70,281	70,281
Grant-in-aid received - capital		-	-	29,533	29,533
Grant received		-	-	22	22
<b>Balance at 31 March 2013</b>		<b>-</b>	<b>(16,334)</b>	<b>3,376</b>	<b>(12,958)</b>

The opening balances and the yearly movements for the general reserve and the pension reserve have been restated in order to present the effect of a change to the underlying treatment of payments into the defined benefit pension schemes (note 1.5 and note 29).

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

# Notes to the financial statements

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with Article 14 of the Royal Charter of The English Sports Council (Sport England) and directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury and the 2012/13 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. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate and which gives a true and fair view has been selected.

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

### 1.1 Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention except for the following material items in the Statement of financial position:

- Property, plant and equipment (note 14) are valued at fair value. In the case of land and buildings these are valued in accordance with the Depreciated Replacement Cost (DRC) basis, which is consistent with that of the prior year.
- Financial assets, listed stocks and shares (note 16) are measured at fair market value.

Without limiting the information given, the financial statements of Sport England Grant-in-aid meet the requirements of the

Accounting Standards Board and the HM Treasury guidance on financial statements of Non-Departmental Public Bodies, as set out in the FReM, in so far as those requirements are appropriate to Sport England.

### 1.2 Going concern

The Group and Council's Statement of financial position reflects the inclusion of liabilities falling due in future years, which, to the extent that they are not to be met from Sport England's other sources of income, may only be met by future grants or Grant-in-aid from (Sport England's sponsoring department), the Department for Culture, Media and Sport (DCMS). Under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

As part of the last Comprehensive Spending Review which runs through to 31 March 2015 Sport England has an Exchequer (Grant-in-aid) settlement agreed with DCMS, subject to continuing Parliamentary approval.

A decision has now been taken by the Government that Sport England and UK Sport will not be merged, however a closer working relationship between the two bodies is envisaged which would include moving to shared accommodation in 2014.

Sport England continues to adopt the going concern concept in the preparation of Sport England Grant-in-aid (Exchequer) financial statements.

### 1.3 Basis of consolidation

The Group financial statements consolidate the financial statements of Sport England, The Sports Council Trust Company (a charity) and Caversham Lakes Trust Limited (dormant



since 29 March 2012). Further details of the Group's investment in subsidiary undertakings is contained in note 16.2.

The financial statements of The Sports Council Trust Company and Caversham Lakes Trust Limited have been included in the consolidation for all periods presented in these financial statements, on the basis that Sport England holds controlling voting rights in these concerns and that it exercised significant management and financial control over their affairs.

All the financial statements consolidated are made up to 31 March 2013.

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. In Sport England's financial statements, the investments in subsidiary undertakings are not apparent as the cost to Sport England was £nil.

The financial activities of the National Lottery Distribution Fund administered by Sport England, under the title of The English Sports Council National Lottery Distribution Fund, have not been included in these financial statements as a separate set of financial statements has been prepared for them (Pages 93 to 133).

## 1.4 Reclassifications

Certain items within the Statement of comprehensive net expenditure and the Statement of cash flows have been reclassified in order to better present the financial information disclosed therein. Reclassifications include the format of the statements and the position of certain items within these statements. The reclassification of items has been undertaken in order to enhance the understanding of the operations

of the Group and Council by the reader of these financial statements.

## 1.5 Restatement due to error in prior periods

The comparative results have been restated, and a third balance sheet presented, in order to reflect the impact on prior period financial statements resulting from changes in the way that payments into the defined benefit pension schemes are presented in the Statement of comprehensive net expenditure.

In prior periods the employer's payments into the defined benefit pension schemes by the Council had been recorded in the Statement of comprehensive net expenditure in error rather than through the pension reserve. The net effect of all adjustments on the Statement of comprehensive net expenditure for both the group and the council up until 31 March 2011 is a charge of £1.3 million. The adjustment required to 2012 is a credit of £3.9 million.

There is no change in the total reserves of the Group and Council as a result of the revised treatment of payments into the defined benefit pension schemes; however, the general reserve and pension reserve components of taxpayers' equity have accordingly been revised and are disclosed in the Statement of changes in taxpayers' equity.

Disclosure of the effect of this change and the impact on all primary statements is shown in note 29 to the financial statements.

## 1.6 Income

All income and expenditure is accounted for on an accruals basis, net of VAT. HM Treasury has judged that Grant-in-aid and grants from our sponsoring body, DCMS, should be recognised as financing and therefore credited directly to reserves as opposed to income.

## 1.7 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 the entitlement to the monies arise in accordance with the application of IAS 20 recommended by the FReM.

## 1.8 Other income

This includes grant recoveries, recharges to third parties and external funding income.

Other income is accounted for on an accruals basis.

## 1.9 Grants

To further its objectives, Sport England 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.

## 1.10 Staff costs

All staff costs are recognised as an expense at the time that the organisation is obligated to pay them.

Staff Costs include the cost of any recorded untaken leave at the financial year end.

## 1.11 National sports centres

Sport England via an agency agreement with The Sports Council Trust Company, acts as the agent for our three National Sports Centres; Bisham Abbey, Lilleshall, Plas y Brenin.

Sport England, 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 contracts is incorporated within the operating receipts and centre management fees. Full details of the income and expenditure are set out in note 7.

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

## 1.13 Operating costs

Operating costs represent overhead costs of the organisation.

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

## 1.14 Property operating leases

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

## 1.15 Apportionment of operating costs

Sport England is required to apportion costs between its Grant-in-aid and National Lottery Distribution Fund (NLDF) activities.

The apportionment of costs is calculated using metrics derived from the organisation's annual business planning process, unless the costs are considered to be entirely Grant-in-aid related or NLDF activity related.

The cost allocations are subject to review by the Executive Team and the Finance Committee on a regular basis. These calculations are also subject to audit scrutiny by the auditors as part of their audit process.

The current methodology calculates charges on a full cost recovery basis in accordance with HM Treasury's "Managing Public Money". The costs apportioned under this methodology to the Sport England National Lottery Distribution Fund activities will be reimbursed to Grant-in-aid account.

## 1.16 Depreciation

Depreciation is provided on all property, plant and equipment, except freehold land, at rates calculated to write off the cost or valuation,

less estimated residual value evenly over its expected useful life.

Land	Infinite
Buildings	Unexpired life, maximum of 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. Depreciation is applied to these assets in the year of purchase and the year of sale.

Other than freehold buildings:

- No depreciation is applied in the year of purchase
- A full year of depreciation is applied in the year of sale.

Improvements to leasehold buildings are written off over the unexpired term of the specific leases.

### 1.17 Assets gifted to subsidiaries

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

### 1.18 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 by the Valuation Office Agency (the VO). The VO is 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 full valuations, desktop valuations are carried out on an annual basis. The desktop valuations apply appropriate price indices as recommended by the VO. Where there have been significant improvements or alterations to assets valued at 31 March 2011 the desktop valuation is suitably prepared

covering the assets improvement or alteration.

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

The DRC basis generates an open market valuation of the land. The valuation of each building is derived through an estimate being made of the gross current replacement cost of the buildings and other site works, from which deductions are then made to allow for age, condition and obsolescence.

Assets under construction are valued at the costs incurred to date.

The value of the Art Works and Antiques were derived through an external valuation in January 2008. A subsequent valuation has not taken place. The valuations are derived by reference to the retail market (at the valuation date) and the probable cost of replacing the items when compared with items in a similar condition.

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.

### 1.19 Intangible assets

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

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

reviewed annually for impairment and are stated at amortised historic cost.

## 1.20 Financial assets

Subsequent to purchase, listed stocks and shares are recognised at fair value based on reference to the market in which they exist.

These assets are classified as available for sale assets; however there is no immediate intention to sell these.

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

## 1.21 Cash and cash equivalents

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

## 1.22 Trade and other receivables

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

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

Other receivables are recognised initially at fair value, less a provision for any specific impairment.

## 1.23 Inventory

Inventory is valued at the lower of cost or net realisable value. Inventory, includes relocatable pools.

Relocatable pools are accounted for as current assets within the category of inventory, as their ownership by Sport England is considered to be of a temporary nature.

The relocatable pools were transferred to Sport England from the Olympic Development Authority (ODA) at nil value in

accordance with the guidance contained in 'Managing Public Money'.

The relocatable pools were fully depreciated in the financial records of the ODA prior to transfer to Sport England.

Under the relocatable legacy pool project it is intended that these assets will be transferred to the ultimate recipient for nil consideration.

## 1.24 Net grants outstanding

This is the value of all amounts recognised in grants expenditure prior to the year-end date, but not yet drawn down.

## 1.25 Trade and other payables

Trade and other payables are recognised at fair value.

## 1.26 Dilapidations

Full provision for the probable cost of dilapidations at the date of the expected termination of the lease is made in the financial statements in the year in which it is decided not to renew the lease.

## 1.27 Taxation

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

In the normal course of business VAT is charged at the standard rate as and where appropriate

- Corporation Tax – Sport England pays corporation tax on bank interest received net of bank charges
- In the case of the subsidiary companies, no corporation tax is payable.

## 1.28 Pensions

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

The pension liabilities and assets of the defined benefit scheme are recorded in line with IAS 19, with a valuation undertaken by an independent actuary.

IAS 19 measures the value of pension assets and liabilities at the Statement of financial position date; determines the benefits accrued in the year and the interest on the scheme's assets and liabilities.

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 surplus or deficit of the various the schemes, are recognised in the Statement of changes in taxpayers' equity. The resulting pension liability or asset is shown in the Statement of financial position.

The apportionment of the resulting pension liability or asset between Grant-in-aid and NLDF activities is based on the historic rate of apportionment.

## 2 Grants received

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Department for Education <sup>1</sup>	1,300	3,910	1,300	3,910
Lottery grant <sup>2</sup>	4,646	4,054	-	-
Other grants	543	270	-	-
<b>Total grants received</b>	<b>6,489</b>	<b>8,234</b>	<b>1,300</b>	<b>3,910</b>

<sup>1</sup> The grant from the Department for Education was to support the delivery of competitive school sport and the school games. The grant included £1.0 million (2012: £1.0 million) to support volunteer coaches and leaders and £0.3 million (2012: £2.9 million) was to support disability participation.

<sup>2</sup> The Lottery grant is financing capital improvements at Bisham Abbey and Lilleshall National Sports Centres.

## 3 Other income

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Grant recoveries	-	717	-	717
External funding income	118	139	118	139
Active people survey recharges	216	139	216	139
Asset hire recharges	232	94	232	94
Other Income	207	276	94	80
<b>Total other income</b>	<b>773</b>	<b>1,365</b>	<b>660</b>	<b>1,169</b>

Grant recoveries for 2013 were reclassified to grant expenditure (note 5). A prior year restatement is not required.

## 4 Big Lottery Fund: Active England

The Active England programme was jointly funded by Big Lottery Fund and Sport England National Lottery Distribution Fund. These financial statements reflect the payment to Big Lottery Fund for their share of grant decommitments relating to the final closure of this programme.

## 5 Grants

	Group		Council	
	2013 £'000	2012 £'000 Restated	2013 £'000	2012 £'000 Restated
<b>RESOURCE GRANTS</b>				
NGB whole sport plans	25,178	25,389	25,178	25,389
National partners	8,073	8,212	8,073	8,212
Local investment	5,067	4,934	5,067	4,934
School sport and school games	12,690	10,156	12,690	10,156
Other	2,629	3,014	2,613	3,008
<b>Total resource grants</b>	<b>53,637</b>	<b>51,705</b>	<b>53,621</b>	<b>51,699</b>
<b>CAPITAL GRANTS</b>				
NGB whole sport plans	16,197	16,879	16,197	16,879
Football foundation	10,000	10,000	10,000	10,000
EIS capital	929	749	929	749
Places people play	-	2,686	-	2,686
School sport	59	-	59	-
<b>Total capital grants</b>	<b>27,185</b>	<b>30,314</b>	<b>27,185</b>	<b>30,314</b>
<b>Total grants expenditure</b>	<b>80,822</b>	<b>82,019</b>	<b>80,806</b>	<b>82,013</b>
Grant recoveries	(325)	-	(325)	-
<b>Total grants</b>	<b>80,497</b>	<b>82,019</b>	<b>80,481</b>	<b>82,013</b>

Total grants in 2012 were £82.0 million; however the categories of grants have been revised in order to provide consistent comparative information.

Grant recoveries for 2012 are shown in other income (note 3).

## 6 Staff costs

	Group		Council	
	2013 £'000	2012 £'000 Restated	2013 £'000	2012 £'000 Restated
<b>PERMANENT AND FIXED TERM STAFF</b>				
Wages and salaries	4,108	3,926	4,108	3,922
Social security costs	426	416	426	416
Pension costs	682	553	682	553
<b>Total permanent and fixed term staff</b>	<b>5,216</b>	<b>4,895</b>	<b>5,216</b>	<b>4,891</b>
Agency staff	182	203	182	203
<b>Total staff costs</b>	<b>5,398</b>	<b>5,098</b>	<b>5,398</b>	<b>5,094</b>

The prior year numbers have been restated in order to better reflect the underlying payments into the defined benefit pension schemes (note 29).

	Average number of full time equivalent staff			
	Group		Council	
	2013	2012	2013	2012
Permanent staff	91	91	91	91
Fixed term, temporary staff	-	3	-	3
Agency staff	4	4	4	4
<b>Total</b>	<b>95</b>	<b>98</b>	<b>95</b>	<b>98</b>

The exit packages disclosure is shown within the remuneration report on page 39.

## 7 National sports centres

	Group		Council	
	2013 £'000	2012 £'000 Restated	2013 £'000	2012 £'000 Restated
<b>INCOME</b>	<b>5,454</b>	<b>5,301</b>	<b>5,454</b>	<b>5,301</b>
<b>EXPENDITURE</b>				
Centre management fees	7,951	8,008	7,951	8,008
Other expenditure	1,697	1,174	1,697	1,174
<b>Total</b>	<b>9,648</b>	<b>9,182</b>	<b>9,648</b>	<b>9,182</b>
<b>Net expenditure</b>	<b>4,194</b>	<b>3,881</b>	<b>4,194</b>	<b>3,881</b>

Sport England funds the operational deficit of The National Sports Centres; Bisham Abbey, Lilleshall and Plas y Brennin. The National Sports Centres are operated on our behalf for which we pay a management fee.

Total costs in 2012 were £3.9 million; however the categories of costs have been revised in order to provide consistent comparative information.



## 8 Sports development costs

	Group		Council	
	2013 £'000	2012 £'000 Restated	2013 £'000	2012 £'000 Restated
<b>GRANT PROGRAMME SUPPORT COSTS</b>				
NGB whole sport plans	262	-	262	-
Local investment	17	37	17	37
Schools and school games	90	181	90	181
Other facilities	162	-	162	-
Other programmes	715	830	715	830
<b>Total grant programme support costs</b>	<b>1,246</b>	<b>1,048</b>	<b>1,246</b>	<b>1,048</b>
<b>OTHER SPORTS DEVELOPMENT COSTS</b>				
Legal	75	121	75	121
Measurement surveys	1,309	1,297	1,309	1,297
Research	159	33	159	33
Facilities expertise and support	394	336	394	336
Planning data and guidance	519	544	519	544
Communications	-	49	-	49
Equality standards	4	5	4	5
Local government support	48	44	48	44
Irrecoverable VAT	218	278	218	278
<b>Total other sports development costs</b>	<b>2,726</b>	<b>2,707</b>	<b>2,726</b>	<b>2,707</b>
<b>Total sports development costs</b>	<b>3,972</b>	<b>3,755</b>	<b>3,972</b>	<b>3,755</b>

Total costs in 2012 were £3.8 million; however the categories of costs have been revised in order to provide consistent comparative information.

## 9 Operating costs

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Auditor's remuneration *	81	74	60	51
Board expenses	5	43	5	43
Communications	55	82	55	82
Depreciation	2,518	2,332	340	156
Grant outsourcing costs	200	145	200	145
Internal audit and governance	88	77	88	77
Irrecoverable VAT	217	152	217	152
IT infrastructure and systems costs	554	454	554	454
Legal	103	95	103	95
Other costs	(66)	(228)	(66)	(236)
Other staff costs	49	60	49	60
Property operating leases	1,153	1,292	1,087	1,148
Staff training	106	104	106	104
Travel and subsistence	323	265	321	264
<b>Total operating costs</b>	<b>5,386</b>	<b>4,947</b>	<b>3,119</b>	<b>2,595</b>

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

### 9.1 Losses and special payments

There were no individual losses or special payments during the year ended 31 March 2013 which exceeded £250,000 (2012: £nil), the aggregate did not exceed £250,000 (2012: £nil).

### 9.2 Commitments under operating leases

	Group		Council	
	2013 £'000	2012 £'000 Restated	2013 £'000	2012 £'000 Restated
Land & buildings				
Leases – expiring within 1 year	1,659	1,724	1,659	1,724
Leases – expiring between 1 & 5 years	982	2,563	982	2,563
Leases – expiring after at least 5 years	4	51	4	51
<b>Total value of outstanding commitments</b>	<b>2,645</b>	<b>4,338</b>	<b>2,645</b>	<b>4,338</b>

Land and buildings operating leases are held in the name of The Sports Council Trust Company, and are recharged to Sport England. The total values of commitments under these leases are therefore treated as those of Sport England. The commitments reflect the earliest break clause within the lease. 2012 has been restated to provide consistency of information.

## 10 Analysis of total expenditure by programme and administration

	Group					
	2013			2012		
	Programme £'000	Admin £'000	Total £'000	Programme £'000	Admin £'000	Total £'000
Grants	80,497	-	80,497	82,019	-	82,019
Big Lottery Fund: Active England	(741)	-	(741)	-	-	-
Staff costs	1,502	3,896	5,398	1,371	3,727	5,098
National sports centres	4,194	-	4,194	3,881	-	3,881
Sports development	3,972	-	3,972	3,755	-	3,755
Operating costs	-	5,386	5,386	-	4,947	4,947
Loss on disposal of fixed assets	43	-	43	-	-	-
<b>Total</b>	<b>89,467</b>	<b>9,282</b>	<b>98,749</b>	<b>91,026</b>	<b>8,674</b>	<b>99,700</b>

	Council					
	2013			2012		
	Programme £'000	Admin £'000	Total £'000	Programme £'000	Admin £'000	Total £'000
Grants	80,481	-	80,481	82,013	-	82,013
Big Lottery Fund: Active England	(741)	-	(741)	-	-	-
Staff costs	1,502	3,896	5,398	1,371	3,723	5,094
National sports centres	4,194	-	4,194	3,881	-	3,881
Sports development	3,972	-	3,972	3,755	-	3,755
Operating costs	-	3,119	3,119	-	2,595	2,595
Assets gifted to subsidiaries	1,909	-	1,909	1,060	-	1,060
<b>Total</b>	<b>91,317</b>	<b>7,015</b>	<b>98,332</b>	<b>92,080</b>	<b>6,318</b>	<b>98,398</b>

## 11 Interest receivable

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Funds held at bank	28	23	28	23

## 12 Financial asset income

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Listed stocks and securities	19	17	-	-

## 13 Taxation

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
UK corporation tax at 24% (2012: 26%) Current tax charge	7	6	7	6

Sport England pays corporation tax on its interest receivable after deducting bank charges.

## 14 Property, plant and equipment - Group

	Group								
	Land	Building	Bund	Leasehold Improvem't	Equipm't	IT Equipm't	Artworks and Antiques	Under Constr- uction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>COST</b>									
<b>At 1 April 2011</b>	<b>8,288</b>	<b>56,809</b>	<b>6,468</b>	-	<b>2,300</b>	<b>864</b>	<b>960</b>	-	<b>75,689</b>
Reclassification	-	(1,796)	-	1,796	-	-	-	-	-
Additions	-	4,187	-	92	483	379	-	624	5,765
Disposals	-	-	-	(72)	(33)	(8)	-	-	(113)
Revaluation	336	124	240	-	-	-	-	-	700
<b>At 31 March 2012</b>	<b>8,624</b>	<b>59,324</b>	<b>6,708</b>	<b>1,816</b>	<b>2,750</b>	<b>1,235</b>	<b>960</b>	<b>624</b>	<b>82,041</b>
Reclassification	-	-	(370)	-	-	-	-	-	(370)
Additions	-	6,996	16	36	214	90	-	204	7,556
Disposals	-	-	-	(115)	(401)	-	-	-	(516)
Revaluation	710	(955)	261	-	-	-	-	-	16
Transfers	-	614	-	-	-	-	-	(614)	-
<b>At 31 March 2013</b>	<b>9,334</b>	<b>65,979</b>	<b>6,615</b>	<b>1,737</b>	<b>2,563</b>	<b>1,325</b>	<b>960</b>	<b>214</b>	<b>88,727</b>
<b>DEPRECIATION</b>									
<b>At 1 April 2011</b>	-	<b>11,085</b>	<b>218</b>	-	<b>1,152</b>	<b>779</b>	-	-	<b>13,234</b>
Reclassification	-	(858)	-	858	-	-	-	-	-
Charge for year	-	1,578	152	130	327	45	-	-	2,232
Disposals	-	-	-	(72)	(33)	(8)	-	-	(113)
<b>At 31 March 2012</b>	-	<b>11,805</b>	<b>370</b>	<b>916</b>	<b>1,446</b>	<b>816</b>	-	-	<b>15,353</b>
Reclassification	-	-	(370)	-	-	-	-	-	(370)
Charge for year	-	1,668	158	143	222	121	-	-	2,312
Disposals	-	-	-	(78)	(45)	-	-	-	(123)
<b>At 31 March 2013</b>	-	<b>13,473</b>	<b>158</b>	<b>981</b>	<b>1,623</b>	<b>937</b>	-	-	<b>17,172</b>
<b>NET BOOK VALUE</b>									
At 31 March 2011	8,288	45,724	6,250	-	1,148	85	960	-	62,455
At 31 March 2012	8,624	47,519	6,338	900	1,304	419	960	624	66,688
<b>At 31 March 2013</b>	<b>9,334</b>	<b>52,506</b>	<b>6,457</b>	<b>756</b>	<b>940</b>	<b>388</b>	<b>960</b>	<b>214</b>	<b>71,555</b>

All assets are owned, no assets are supported by either finance leases or PFI contracts.

Land, buildings and bund comprise freehold properties. The historical cost of land and buildings at 31 March 2013 was £78.4 million (2012: £71.5 million).

Land, buildings and bund were valued by the Valuation Office Agency on a desktop valuation basis at 31 March 2013.

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 £1.0 million in January 2008.

An asset verification exercise was carried out in February 2013 which confirmed that all the artwork and antiques were in existence. The

way in which the artwork and antiques are used and displayed has not changed during the year. This supports the opinion that the assets are reflected at fair value in the financial statements.

## 14 Property, plant and equipment - Council

	Buildings £'000	Equipment £'000	IT Equipment £'000	Total £'000
<b>COST</b>				
<b>At 1 April 2011</b>	-	144	864	1,008
Additions	761	299	379	1,439
Gifted assets	(761)	(299)	-	(1,060)
Disposals	-	-	(8)	(8)
<b>At 31 March 2012</b>	-	144	1,235	1,379
Additions	2,259	17	90	2,366
Gifted assets	(2,259)	350	-	(1,909)
Disposals	-	(350)	-	(350)
<b>At 31 March 2013</b>	-	161	1,325	1,486
<b>DEPRECIATION</b>				
<b>At 1 April 2011</b>	-	98	778	876
Charge for year	-	12	45	57
Disposals	-	-	(8)	(8)
<b>At 31 March 2012</b>	-	110	815	925
Charge for year	-	12	121	133
Disposals	-	-	-	-
<b>At 31 March 2013</b>	-	122	936	1,058
<b>NET BOOK VALUE</b>				
At 31 March 2011	-	46	86	132
At 31 March 2012	-	34	420	454
<b>At 31 March 2013</b>	-	39	389	428

Sport England has gifted assets to the Sports Council Trust Company which is a wholly owned subsidiary of Sport England. The assets gifted are relevant to the operational activities of the National Sports Centres.

All assets are owned, no assets are supported by either finance leases or PFI contracts.

## 15 Intangible assets

	Group £'000	Council £'000
<b>COST</b>		
<b>At 1 April 2011</b>	<b>2,518</b>	<b>2,485</b>
Additions	338	338
Disposals	(4)	-
<b>At 31 March 2012</b>	<b>2,852</b>	<b>2,823</b>
Additions	282	282
Disposals	(29)	-
<b>At 31 March 2013</b>	<b>3,105</b>	<b>3,105</b>
<b>DEPRECIATION</b>		
<b>At 1 April 2011</b>	<b>2,288</b>	<b>2,255</b>
Charge for year	99	99
Disposals	(4)	-
<b>At 31 March 2012</b>	<b>2,383</b>	<b>2,354</b>
Charge for year	208	208
Disposals	(29)	-
<b>At 31 March 2013</b>	<b>2,562</b>	<b>2,562</b>
<b>NET BOOK VALUE</b>		
At 31 March 2011	230	230
At 31 March 2012	469	469
<b>At 31 March 2013</b>	<b>543</b>	<b>543</b>

Intangible assets comprise software licenses and the associated implementation costs

## 16 Financial assets

### 16.1 Listed stocks and securities

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Cost at 1 April and 31 March	599	599	-	-
Market Value at 1 April	598	605	-	-
Revaluation of financial asset	39	(7)	-	-
<b>Market Value at 31 March</b>	<b>637</b>	<b>598</b>	<b>-</b>	<b>-</b>

Listed stocks and securities relate to a managed investment fund held by Sport England's subsidiary The Sports Council Trust Company.

### 16.2 Group investments in subsidiary undertakings

Company and Country of Incorporation	Financial Activity	Proportion held	Status of Subsidiary	Total reserves at 31 March	Net Income
The Sports Council Trust Company (England and Wales)	Charitable trust dedicated to the promotion of sport	Sole member 100% guarantor	Active	2013: £72.0m 2012: £67.1m	2013: £4.2m 2012: £11.8m
Caversham Lakes Trust Limited (England and Wales)	Dormant	Sole member 100% guarantor	Dormant	2013: Nil 2012: Nil	2013: Nil 2012: (£0.4m)

#### Caversham Lakes Trust Limited (CLTL)

Following a review of Sport England's subsidiaries in 2011, it was agreed to transfer the assets of CLTL to The Sports Council Trust Company, which has responsibility for

managing the National Sports Centres. Following this transfer on 29 March 2012 the Company ceased trading and became dormant with no assets or liabilities from the transfer date.



## 17 Inventory

Prior to 31 March 2013 Sport England took temporary ownership of seven relocatable pools from the Olympic Development Authority (ODA), as part of the relocatable legacy pool project.

These seven pools can be reconfigured to an optimum of 3 x 50 metre and 6 x 25 metre pools – providing nine pools capable of being relocated. The final number of pools and their sizes can be adapted to meet the different needs of the end-users with variable depths.

The relocation of temporary swimming pools (five training pools from the Eton Manor site

and two water polo competition pools adjacent to the Aquatics Centre) is part of the UK bid that promised a physical legacy following the Olympics.

The accounting treatment applied is to treat the relocatable pools as current assets as the intention is to dispose of them within a year of 31 March 2013.

The assets were transferred to Sport England for nil consideration from the ODA and the intention is to dispose of them for nil consideration. Therefore the assets are recorded at nil value in the financial statements.

## 18 Trade and other receivables

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade receivables	550	529	449	276
Grant receivable - Sport England NLDF	129	1,190	-	-
Grant receivable - The Royal British Legion	229	128	-	-
Other receivables	889	591	889	591
Staff travel loans	62	55	62	55
The Sports Council Trust Company	-	-	548	645
Prepayments and accrued income	1,947	1,927	971	912
Sport England NLDF	5,800	3,676	5,800	3,676
<b>Total</b>	<b>9,606</b>	<b>8,096</b>	<b>8,719</b>	<b>6,155</b>
Intra-government balances:				
Other central government bodies	5,944	4,867	6,363	4,322
Local authorities	30	10	30	10
NHS bodies	334	152	334	152
Bodies external to government	3,298	3,067	1,992	1,671
	<b>9,606</b>	<b>8,096</b>	<b>8,719</b>	<b>6,155</b>

## 19 Net grants outstanding

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Grants outstanding	1,627	1,836	1,627	1,836
Deferred grants	-	(51)		(51)
<b>Net grant outstanding</b>	<b>1,627</b>	<b>1,785</b>	<b>1,627</b>	<b>1,785</b>
Intra-government balances:				
Local authorities	272	359	272	359
Bodies external to government	1,355	1,426	1,355	1,426
<b>Net grants outstanding</b>	<b>1,627</b>	<b>1,785</b>	<b>1,627</b>	<b>1,785</b>

## 20 Trade and other payables

	Group		Council	
	2013 £'000	2012 £'000 Restated	2013 £'000	2012 £'000
Trade payables	360	111	358	111
Corporation tax	7	8	7	8
Accruals and deferred income	5,111	6,667	4,461	4,928
Other payables	377	453	377	453
<b>Total</b>	<b>5,855</b>	<b>7,239</b>	<b>5,203</b>	<b>5,500</b>
Intra-government balances:				
Other central government bodies	222	17	222	17
Local authorities	8	6	8	6
Bodies external to government	5,625	7,216	4,973	5,477
	<b>5,855</b>	<b>7,239</b>	<b>5,203</b>	<b>5,500</b>

Intra-government balances for the Group have been restated for 2012 to correct the analysis between other central government bodies and bodies external to government.

## 21 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 financial statements in the year in which the

decision is made by the Sport England Executive Group.

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Balance at 1 April	40	282	40	282
Released during the year	(40)	(242)	(40)	(242)
<b>Balance at 31 March</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>40</b>

## 22 Contingent liabilities

### Contributions towards property, plant and equipment

In 1979, the Football Association (FA) contributed £0.5 million towards the construction of a hostel at Lilleshall National Sports Centre. A management agreement with the FA was entered into by Sport England which enabled the FA to run the Vauxhall School at the Centre (which closed in July 1999). The Management Agreement continues to remain in place and at the present time, the accommodation is used by the FA's Medical and Education Units. If Sport England were to terminate the agreement at any time before 2039, then a proportion of the £0.5 million would fall due to be paid to the FA calculated by the reference to effluxion of time. The Directors consider it

unlikely that the agreement will be terminated by Sport England.

### Lease commitments

The Sports Council Trust Company (SCTC), owns the head lease for premises occupied by Sport England 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 SCTC to incur future expenditure on returning the premises to its pre-occupied condition. Currently, no provisions have been made in the financial statements 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 (see note 21 Provisions).

## 23 Capital commitments

The Group had contractual commitments for capital works amounting to £7.3 million as at 31 March 2013 (2012: £12.7million). These commitments relate to building works to be carried out at the National Sports Centres

which are being funded by a combination of Lottery grant funding from Sport England and a grant from The Royal British Legion. This amount has not been provided for in these financial statements.

## 24 Pension liabilities

### 24.1 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. Sport England is one of a large number of employers whose staff participates in the scheme, however the data given in this note relates only to Sport England.

The pension liabilities cover two defined benefit pension schemes:

- 460 scheme which is funded by employees and employers at actuarially determined rates. Employer contributions for members of the scheme amounted to £0.6 million in 2013 (2012: £0.6 million). Sport England made additional payments of £2.0 million (2012: £8.5 million) to reduce the liability of the pension schemes. Included within these amounts are £0.5 million (2012: £6.5 million) which were paid on top of the minimum recommended amounts advised by the scheme's actuary.
- 440 multi-employer scheme which was closed after an earlier restructure of The Sports Council in 1997. The Council has included the whole of the amounts brought to account in relation to this

closed scheme in its financial statements. Sport England made additional payments of £1.9 million (2012: £0.7 million) to reduce the liability of this pension scheme. Included within these amounts are £1.1 million (2012: £nil) which were paid on top of the minimum recommended amounts advised by the scheme's actuary.

### IAS 19 Calculation

The scheme report apportions the assets and liabilities from the closed 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. IAS 19 disclosures do not take into account employee's and employer's future contributions.

Following the advice of the consulting actuaries to the LPFA Sport England's employer contribution (as a percentage of pensionable pay) is 16.6 per cent (2012:16.6 per cent). The employer contribution rate for 2014 remains 16.6 per cent.

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

Employee contribution rates		
2013 salary range	2012 salary range	Contribution rate
Less than £13,500	Less than £12,900	5.5%
£13,501-£15,800	£12,901-£15,100	5.8%
£15,801-£20,400	£15,100-£19,400	5.9%
£20,401-£34,000	£19,401-£32,400	6.5%
£34,001-£45,500	£32,401-£43,300	6.8%
£45,501-£85,300	£43,301-£81,100	7.2%
More than £85,300	More than £81,100	7.5%

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 Sport England's superannuation scheme.

The independent actuary's valuation at 31 March 2013 for the purpose of IAS 19, estimates a net pension liability of

£37.6million (2012: £40.3million).

The IAS 19 valuation is for Sport England as a whole. The actuaries have not made separate valuations for the Sport England Exchequer and Lottery liabilities. The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies. The apportionment calculation of the net pension liability as at 31 March 2013 gives a liability for Exchequer of £16.3million (2012: £17.5million).

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

	460 Fund	440 Fund
Actives	90	-
Deferred pensioners	409	239
Pensioners	148	236
<b>Total</b>	<b>647</b>	<b>475</b>

#### Statement of financial position disclosure

	2013 £'000	2012 £'000	2011 £'000
Present value of funded liabilities	(109,158)	(101,820)	(85,089)
Fair value of employer assets	79,287	68,491	60,739
Present value of unfunded liabilities	(7,694)	(7,010)	(6,595)
<b>Net liability in the Statement of financial position</b>	<b>(37,565)</b>	<b>(40,339)</b>	<b>(30,945)</b>
Liabilities	(116,852)	(108,830)	(91,684)
Assets	79,287	68,491	60,739
<b>Net liability in the Statement of financial position</b>	<b>(37,565)</b>	<b>(40,339)</b>	<b>(30,945)</b>

#### Analysis of amounts recognised in the statement of comprehensive net expenditure

	2013 £'000	2012 £'000	2011 £'000
Current service costs	789	661	932
Interest on obligation	4,932	4,988	5,754
Expected return on employer assets	(4,077)	(4,331)	(3,837)
Past service cost	-	-	(13,531)
Losses on curtailments and settlements	61	-	-
<b>Total</b>	<b>1,705</b>	<b>1,318</b>	<b>(10,682)</b>
Actual returns on plan assets	9,818	638	4,018

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

	2013 £'000	2012 £'000	2011 £'000
<b>Opening defined benefit obligation</b>	<b>108,830</b>	<b>91,684</b>	<b>110,136</b>
Service cost	789	661	932
Interest cost	4,932	4,988	5,754
Contributions by members	242	275	253
Actuarial losses/(gains)	5,615	14,189	(8,887)
Past service cost	-	-	(13,531)
Losses on curtailments and settlements	61	-	-
Estimated unfunded benefits paid	(413)	(398)	(387)
Estimated benefits paid	(3,204)	(2,569)	(2,586)
<b>Closing defined benefit obligation</b>	<b>116,852</b>	<b>108,830</b>	<b>91,684</b>

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

	2013 £'000	2012 £'000	2011 £'000
<b>Opening fair value of employer assets</b>	<b>68,491</b>	<b>60,739</b>	<b>57,949</b>
Expected returns on assets	4,077	4,331	3,837
Contributions by members	242	275	253
Contributions by the employer	4,352	9,805	3,539
Contributions in respect of unfunded benefits	Included above	Included above	Included above
Actuarial gains/(losses)	5,742	(3,692)	(1,866)
Estimated unfunded benefits paid	Included below	Included below	Included below
Estimated benefits paid	(3,617)	(2,967)	(2,973)
<b>Closing fair value of employer assets</b>	<b>79,287</b>	<b>68,491</b>	<b>60,739</b>

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

	2013	2012	2011
Equities	73%	73%	69%
Target return funds	10%	12%	12%
Alternative assets	15%	14%	14%
Cash	2%	1%	3%
Corporate bonds	-	-	2%

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

	2013 % per annum	2012 % per annum	2011 % per annum
Price increases - RPI	3.4%	3.3%	3.5%
Price increases - CPI	2.6%	2.5%	2.7%
Salary increase	4.3%	4.2%	4.5%
Pension increase	2.6%	2.5%	2.7%
Expected return in assets	5.9%	5.9%	6.7%
Discount rate	4.5%	4.6%	5.5%

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

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Fair value of employer assets	79,287	68,491	60,739	57,949	44,386
Present value of defined obligation	(116,852)	(108,830)	(91,684)	(110,136)	(74,962)
<b>Deficit</b>	<b>(37,565)</b>	<b>(40,339)</b>	<b>(30,945)</b>	<b>(52,187)</b>	<b>(30,576)</b>
Experience gains/(losses) on assets	5,742	(3,692)	(1,866)	10,177	(15,654)
Experience (losses)/gains on liabilities	(620)	76	7,812	2,282	175

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,

IAS 19 disclosures do not take into account employees' and employer's future contributions.

## 24.2 Aviva group personal pension plan scheme

From 1 October 2005 to 31 March 2012 Sport England operated a Group Stakeholder Pension Scheme (GSPS) with AEGON Scottish Equitable. The scheme was transferred to an Aviva Group Personal Pension Plan on 1 April 2012. The scheme includes death in service life assurance cover of three times salary and is insured through Legal & General. Colleagues choose the level of contribution into the personal pension plan and this is matched by Sport England contributions using the following formulae:

- Colleague contributes 3 per cent  
Sport England contributes 3 per cent
- Colleague contributes 4 per cent  
Sport England contributes 5 per cent
- Colleague contributes 5 per cent  
Sport England contributes 8 per cent
- Colleague contributes 6.5 per cent  
Sport England contributes 11 per cent

Employer contributions for staff members of this scheme for the year ended 31 March 2013 were £0.5million (2012: £0.5million).

There were no amounts outstanding or pre-paid at 31 March 2013 (2012: £nil)

## 25 Revaluation reserves

	Group	
	2013 £'000	2012 £'000
<b>Land and buildings</b>		
Balance at 1 April	10,966	10,380
Surplus owing to revaluation of properties	705	390
Revaluation adjustment	-	(90)
Amortisation of revaluation reserve	350	286
<b>Balance at 31 March</b>	<b>12,021</b>	<b>10,966</b>

## 26 National centre reserve

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Balance at 1 April	34	34	34	34
Transfer to reserve (from deferred income)	(34)	-	(34)	-
<b>Balance at 31 March</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>34</b>

This reserve is no longer required as the asset to which this reserve relates is no longer owned by Sport England.

## 27 General reserve

The general reserve includes two restricted revenue funds.

The National Anglers Council fund was distributed as a grant to The Angling Trust during the year.

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
General reserve	63,329	58,087	3,341	2,004
National Anglers Council fund	-	6	-	-
Greater Manchester fund	35	35	35	35
<b>Balance at 31 March</b>	<b>63,364</b>	<b>58,128</b>	<b>3,376</b>	<b>2,039</b>



## 28 Reconciliation of net operating expenditure to net cash outflow from operating activities

	Group		Council	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
<b>Net operating expenditure</b>	<b>(93,255)</b>	<b>(90,051)</b>	<b>(97,451)</b>	<b>(93,578)</b>
LPFA employer contributions	(1,746)	(3,935)	(1,746)	(3,935)
LPFA current service cost charge	339	263	339	263
Depreciation	2,520	2,332	341	156
Disposal of property, plant & equipment	392	-	350	-
Other finance income	338	259	338	259
Loss/(gain) on revaluation	689	(309)	-	-
Increase in receivables	(1,509)	(2,644)	(2,564)	(1,087)
Decrease in grants outstanding	(158)	(609)	(158)	(609)
(Decrease)/increase in payables	(422)	1,354	(297)	1,165
Decrease in provisions	(40)	(242)	(40)	(242)
Increase in deferred grants	-	(11)	-	-
Decrease in national centre reserve	(34)	-	(34)	-
Repayment of restricted fund	(6)	-	-	-
Assets gifted to subsidiaries	-	-	1,909	1,060
Taxation	(7)	(6)	(7)	(6)
Interest received	28	23	28	23
<b>Net cash outflow from operating activities</b>	<b>(92,871)</b>	<b>(93,576)</b>	<b>(98,992)</b>	<b>(96,531)</b>

## 29 Prior year restatement

Following on from a review of the accounting treatment of employer's contributions into the defined benefit pension schemes the impact on the financial statements of the Group and the Council are disclosed below:

Statement of comprehensive net expenditure (SOCNE)		
	Group	Council
	2012	2012
	£'000	£'000
Previously reported net operating expenditure for the year	93,952	97,496
Effect of changes in accounting treatment	(3,935)	(3,935)
<b>Restated net operating expenditure for the year</b>	<b>90,017</b>	<b>93,561</b>

Staff costs		
	Group	Council
	2012	2012
	£'000	£'000
Previously reported in net operating expenditure for the year	8,770	8,766
Effect of changes in accounting treatment	(3,672)	(3,672)
<b>Restated staff costs</b>	<b>5,098</b>	<b>5,094</b>

Other finance income		
	Group	Council
	2012	2012
	£'000	£'000
Previously reported in net operating expenditure for the year	522	522
Effect of changes in accounting treatment	(263)	(263)
<b>Restated other finance income</b>	<b>259</b>	<b>259</b>

### Statement of changes in taxpayers' equity - Group

	Revaluation reserve	National centre reserve	Pension reserve	General reserve	Total reserves
	2012	2012	2012	2012	2012
	£'000	£'000	£'000	£'000	£'000
Previously reported reserves at 31 March 2011	10,380	34	(15,030)	55,532	50,916
Net effect of changes in accounting treatment up to 31 March 2011	-	-	1,335	(1,335)	-
<b>Restated opening reserves at 1 April 2011</b>	<b>10,380</b>	<b>34</b>	<b>(13,695)</b>	<b>54,197</b>	<b>50,916</b>
Restated net operating expenditure for the year	-	-	-	(90,017)	(90,017)
Surplus owing to revaluation of properties	390	-	-	-	390
Amortisation of revaluation reserve	286	-	-	-	286
Revaluation adjustment Caversham Lakes	(90)	-	-	-	(90)
Other movements in subsidiary reserves	-	-	-	(210)	(210)
Grant-in-aid received	-	-	-	97,571	97,571
Actuarial loss on pension scheme	-	-	(7,172)	-	(7,172)
Net effect of changes in accounting treatment year ended 31 March 2012	-	-	3,413	(3,413)	-
<b>Restated closing reserves at 31 March 2012</b>	<b>10,966</b>	<b>34</b>	<b>(17,454)</b>	<b>58,128</b>	<b>51,674</b>

### Statement of changes in taxpayers' equity - Council

	National centre reserve	Pension reserve	General reserve	Total reserves
	2012	2012	2012	2012
	£'000	£'000	£'000	£'000
Previously reported reserves at 31 March 2011	34	(15,030)	2,777	(12,219)
Net effect of changes in accounting treatment up to 31 March 2011	-	1,335	(1,335)	-
<b>Restated opening reserves at 1 April 2011</b>	<b>34</b>	<b>(13,695)</b>	<b>1,442</b>	<b>(12,219)</b>
Restated net operating expenditure for the year	-	-	(93,561)	(93,561)
Grant-in-aid received	-	-	97,571	97,571
Actuarial loss on pension scheme	-	(7,172)	-	(7,172)
Net effect of changes in accounting treatment year ended 31 March 2012	-	3,413	(3,413)	-
<b>Restated closing reserves at 31 March 2012</b>	<b>34</b>	<b>(17,454)</b>	<b>2,039</b>	<b>(15,381)</b>

## Statement of Cash Flows - Note to the financial statements

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

	Group 2012 £'000	Council 2012 £'000
Previously reported net operating expenditure	(93,986)	(97,513)
Effect of changes in accounting treatment	3,935	3,935
<b>Restated net operating expenditure</b>	<b>(90,051)</b>	<b>(93,578)</b>

### 30 Related party transactions

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

Sport England has two subsidiaries that are also regarded as related parties. There were material transactions with The Sports Council Trust Company during year, but not with Caversham Lakes Trust Limited, which has remained dormant since 29 March 2012.

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

If any member has an interest in a grant application, they exclude themselves from the

relevant grant appraisal, discussions and decision making processes.

The following table details where Board Members, Executive Directors and key managerial staff declared a current or past interest and includes both Sport England's Grant-in aid and National Lottery funding. The related party transactions are in relation to:

- Awards expensed during the year
- Awards committed during the year but not yet accepted by applicants
- Awards unpaid at 31 March 2013, which includes unpaid expensed awards and committed awards
- Supplier transactions completed between 1 April 2012 and 31 March 2013. There were no unpaid amounts on these transactions at 31 March 2013.

Relationship	Awards expensed 2013 £	Awards committed 2013 £	Awards Unpaid £	Supplier Transactions £
<b>Department for Culture, Media and Sport</b>				
Grant-in-aid funding				99,814,000
Relocatable pools grant	21,748			
<b>The Sports Council Trust Company</b>				
Payable by Sport England			7,428,498	2,898,033
Receivable from Sport England				548,030
<b>Richard Lewis</b>				
Employment, Rugby Football League	1,605,884	17,500,000	17,696,568	108,000
Employment, All England Lawn Tennis and Croquet Club				2,374
Partner: Management Board, Shepley Tennis Club		50,000	50,000	
<b>Nick Bitel</b>				
Advisor, All England Lawn Tennis and Croquet Club				2,374
Advisor, Rugby Football Union	4,347,555	20,000,000	20,223,296	
Advisor, England and Wales Cricket Board	5,475,947	20,000,000	20,221,471	
Board Member, London Legacy Development Corporation	564,304		418,258	
Board Member, UK Sport				28,000
<b>James Stewart</b>				
Employment, KPMG				30,586
<b>Martin Thomas</b>				
Board Member, Commonwealth Games England	238,626	320,500	387,494	
<b>Peter Rowley</b>				
Member, England Athletics <sup>1</sup>	246,547		404	
Audit Committee, UK Sport				28,000
Director, SkillsActive UK	474,625	350,000	430,369	
Board Member, Tees Valley Sport	425,000		595,140	
<b>Clare Connor</b>				
Employment, England and Wales Cricket Board	5,475,947	20,000,000	20,221,471	
Board Member, Cricket Foundation (Chance to Shine)	604,066	7,499,212	8,015,719	
<b>Sadie Mason</b>				
Employment, Sussex CSP Trust	485,000		790,061	
Trustee, County Sports Partnership Network	314,132		255,992	1,500
Team Manager, England Basketball	2,123,750	3,555,000	3,614,375	
<b>Peter Stybelski</b>				
Employment, Cumbria County Council	444,770		514,560	358

Relationship	Awards expensed 2013 £	Awards committed 2013 £	Awards Unpaid £	Supplier Transactions £
<b>Paul Millman</b>				
Member, Kent Cricket Board	6,490			
Member, England Squash and Racketball	1,342,579	7,461,000	7,484,700	
<b>Jennie Price</b>				
Partner: Management Board, British Fencing Association	176,982	520,000	520,000	
Imm. Family: Member, Newport Rugby Club	50,000			
Partner: Consultant, The Leisure Database Company Limited				651,720
<b>Rona Chester</b>				
Member, National Trust	500,000		391,250	
Partner: Member, National Trust	500,000		391,250	
Member, Lawn Tennis Association	3,965,015	7,100,000	7,196,774	
Member, England Squash and Racketball	1,342,579	7,461,000	7,484,700	
Member, English Golf Union	802,644	13,000,000	13,016,500	
Board Member, The Velodrome Trust	353,422			
<b>Lisa O'Keefe</b>				
Member, British Cycling	7,027,561	32,000,000	32,259,813	356
Member, British Mountaineering Council	137,978	2,992,800	2,992,800	
Member, Rugby Football Union	4,347,555	20,000,000	20,223,296	
Member, National Trust	500,000		391,250	
<b>Phil Smith</b>				
Management Board, sportscoach UK	2,872,000	5,000,000	5,000,000	
Management Board, Football Foundation	10,000,000	40,000,000	47,650,000	
<b>Mike Diaper</b>				
Previous employment, Department for Culture, Media and Sport				6,600
Other, Pro-Active East London	453,180		1,476,360	1,616
Other, London Legacy Development Corporation	564,304		418,258	
<b>Alison Selfe</b>				
Partner: Employment, London Borough of Havering		2,074,000	2,074,000	
Imm. Family: Member, British Cycling	7,027,561	32,000,000	32,259,813	356

<sup>1</sup> England Athletics substantially benefit from the award given to UK Athletics. There were £1,497,125 of awards expensed and £22,000,000 of awards committed and remaining unpaid to UK Athletics during 2012/13.

## 31 Derivatives and other financial instruments

---

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

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

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

Kingdom. The return from investments is not material (2013: £19k; 2012: £17k) and therefore Sport England is not exposed to significant market risk. The Board of The Sports Council Trust Company regularly undertakes reviews to mitigate the risks of performance of this instrument.

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

## 32 Post financial year-end events

---

When the outcome of the 2015/16 Spending Review is announced on 26 June, Sport England will at that time evaluate the impact of the review on the future plans of Sport England.

The Annual Report and Financial statements were authorised for issue on the date of certification by the Comptroller and Auditor General.



**The English Sports Council  
National Lottery Distribution Fund**

**Financial Statements  
for the year ended 31 March 2013**



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

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

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

In preparing the financial statements The Council is required to:

- Observe the accounts direction issued by the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply the suitable accounting policies on a consistent basis.
- Make judgments and estimates on a reasonable basis.
- State whether the applicable accounting standards have been followed, and

Jennie Price

Chief Executive and Accounting Officer  
of The English Sports Council

21 June 2013

disclose and explain any material departures in the financial statements and

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

The Accounting Officer for the Department for Culture, Media and Sport, has designated the Chief Executive of The English Sports Council as the Accounting Officer for The Council. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of public finances for which she is answerable, and for the keeping of proper records, are set out in "Managing Public Money", issued by the HM treasury and in the Financial Directions issued by the Secretary of State for Culture, Media and Sport under section 26(3) of the National Lottery etc. Act 1993 (as amended).

The Accounting Officer has taken all the steps she ought to have taken to make herself aware of any relevant audit information and to establish that The English Sport Council's auditors are aware of that information.

Nick Bitel

Chair of The English Sports  
Council

21 June 2013

# Governance Statement

## Overview

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 financial statements, 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 Board<sup>1</sup>, 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 Governance Statement. Inputs and assurances that have informed the 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
- Signed assurance statements to the Accounting Officer from all Executive Directors covering the risk, control and governance framework including an assurance that proper and reasonable internal controls operated effectively and that proper standards of conduct had been maintained during 2012/13

- 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 (corporate, 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 and practices against the key criteria for effective governance we require our core funded NGBs and National Partners to meet as part of the 2013-17 funding requirements.

## Conclusion

As set out in the detail of this Statement, Sport England's corporate governance framework and practices:

- Meet the governance requirements we have set NGBs and National Partners in receipt of 2013-17 (or 2013-15) funding; and
- Comply with the detail of all but one of the key areas of the Corporate Governance Code (as applicable to Sport England as a Non-Departmental Public Body). This demonstrates an improved position since the 2011/12 Statement. Sport England also largely complies with the one final area of the Code (Board Effectiveness) and expects to fully comply during the 2013/14 year.

The Board successfully led the organisation through an exceptionally demanding year. The most significant areas of its work and its

<sup>1</sup> All references to 'Board' refer to the Sport England Main Board unless otherwise stated

key achievements in 2012/13 included:

- Scrutiny of the processes and proposals for National Governing Body awards totalling £493m for the 2013-17 period;
- Sport England's contribution to the Olympic Legacy including:
  - the Board's oversight of a strong, sustainable facilities legacy through the Inspired and Iconic Facilities programmes which saw the

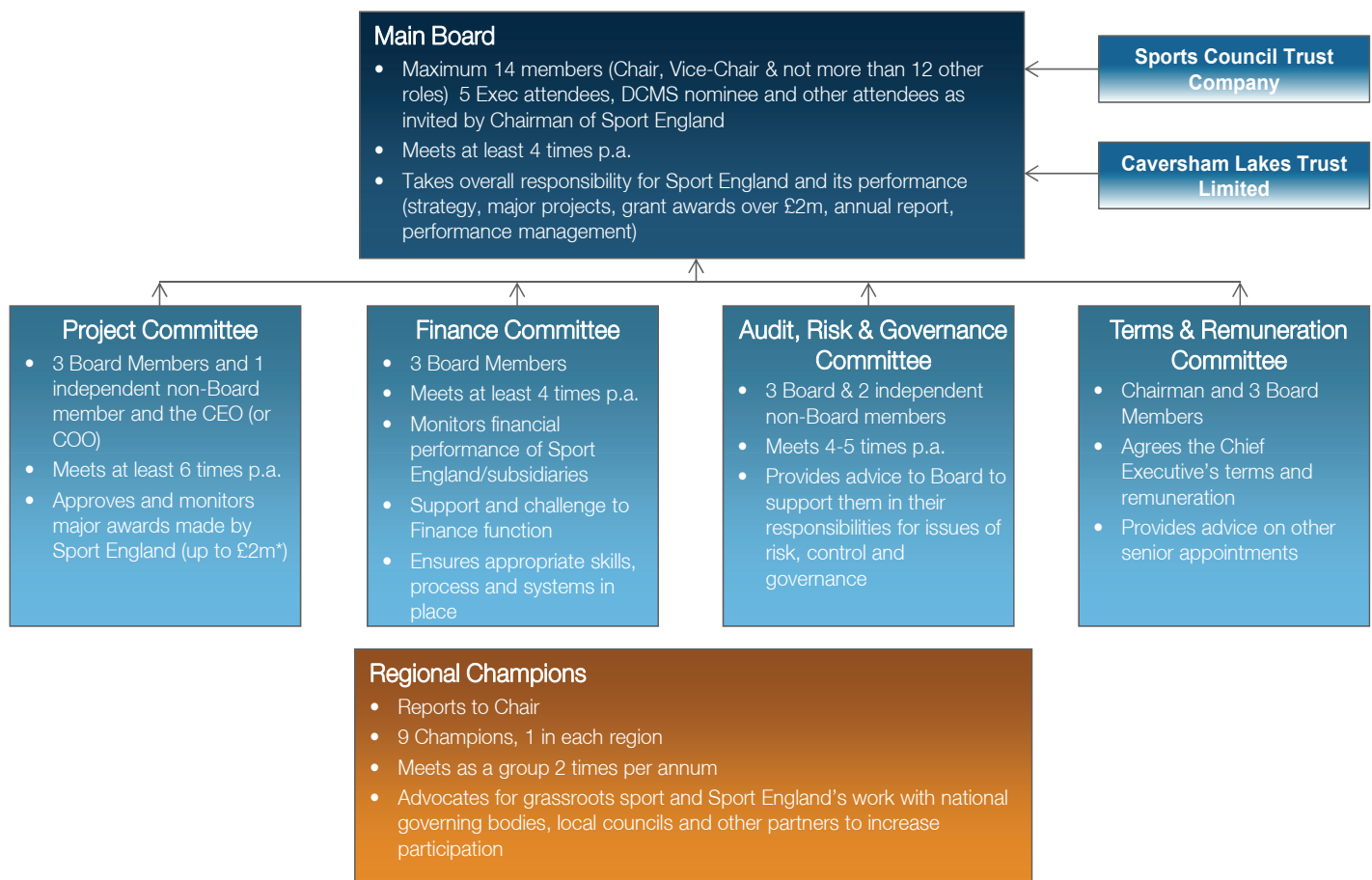
Inspired programme meet its target of 1,000 grants one year early; and

- its work to protect playing fields.
- A revised risk appetite statement;
- Board succession planning to manage the inherent risks associated with transition to a new Board.

This statement confirms the Sport England Board's commitment to good governance.

## 1. The Governance Framework

Sport England's governance framework consists of a Board, a number of sub-committees and two subsidiaries<sup>2</sup> that report to the Board as shown 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. The Board and sub-committee meetings that took place in year are summarised at the end of this statement.



\*Project Committee approves awards between £0.5m and £2m. The Committee makes recommendations to the Board on awards over £2m. Exchequer awards under £100k (or £500k for Lottery awards) can be approved by the relevant Directors and the CEO has delegated authority to approve awards up to £1m

<sup>2</sup> Caversham Lakes Trust Ltd became dormant at the end of March 2012 through the transfer of all assets and Liabilities to the Sports Council Trust Company.

## 2. The Sport England Context

Throughout the year we have continued to strengthen our own governance framework and improve our own governance practices. In parallel, we have also continued to work with the sector that we fund to help bring about a step change in sports governance.

Our 'Governance Strategy: On board for better governance', published in May 2012, reflects accepted good practice and sets out our governance requirements and the help and support we offer. During the year our NGBs and National Partners set out how they intend to meet our 'key criteria for effective

governance' (see below). We will continue to support our NGBs and National Partners in meeting these requirements including, where helpful, by the provision of training, support and advice.

We have again measured, and will continue to measure, Sport England against these key criteria and we have set out in this statement our progress on the areas we highlighted for improvement last year as well as further areas our Board has identified for improvement through its 2012/13 self-evaluation process

---

### 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 per cent 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 the 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 per cent 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.

### 3. 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 agreements with DCMS, Dear Accounting Officer letters and Financial Directions. I am also personally responsible for ensuring that Sport England complies with the National Lottery Act 2006.

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.

### 4. 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. This year we consider we comply with the spirit of the Code as applicable to Sport England as an arm's length body. We have implemented areas we identified for improvement in our statement last year and have also identified some further 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, 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.

#### Principal focus

The Board's principal focus, as shown in the table below, is to deliver Sport England's 2012-17 strategy which aims to help people and communities across the country create a sporting habit for life. The Board is also responsible for ensuring that funding derived from Lottery and Exchequer sources is used to further our objectives.

## Board achievements, 2012/13

<p><b>The most significant areas of work for the Board in 2012/13 were:</b></p> <p>c) National Governing Body awards totalling £493m for the 2013-17 period. This work included:</p> <ul style="list-style-type: none"> <li>• scrutiny of the overall award process</li> <li>• value for money principles</li> <li>• payment for results</li> <li>• contestability</li> <li>• scrutiny and approval of specific funding proposals for each NGB.</li> </ul> <p>d) Sport England's contribution to the Olympic Legacy. This included:</p> <ul style="list-style-type: none"> <li>• The Board's oversight of a strong, sustainable facilities legacy through the Inspired and Iconic Facilities programmes which saw the Inspired programme meet its target of 1,000 grants one year early</li> <li>• Sport England's work to protect playing fields.</li> </ul>	<p><b>Other key areas included:</b></p> <ul style="list-style-type: none"> <li>• Scrutiny of the Active Women Themed Round which has informed a new, more focussed, approach to the funding of women in sport as initiated by our Place Based Pilot (Women).</li> <li>• De-commitments where NGBs were not delivering to target. The Board has stated its intention to continue to work hard to provide financial support to sports that deliver increased participation using the de-commitment process where necessary to support this.</li> <li>• Review of the medium term financial plan</li> <li>• The proposed merger with UK Sport. Although this is no longer proceeding, co-location and closer working with UK Sport has been agreed.</li> <li>• Oversight of internal controls, operating and financial performance and regular review of the corporate risk profile. A Board workshop on the corporate risk profile and risk appetite was held in January 2013.</li> </ul>
---	---

### Data Scrutiny

The Board's role also includes detailed scrutiny of the data provided to it to support its decisions. 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 that informs this decision making. Detailed information from the survey supported de-commitment and reallocation decisions made during the year. The outcomes of our 'Places People Play' programme were also externally evaluated, including Inclusive Sport and Sportmakers.

### Continuous improvement

A number of areas were identified for improvement in last year's statement as a result of the Board's evaluation of its own effectiveness and through measuring Sport England against the principals and supporting

provisions of the corporate governance code. Areas identified last year that were actioned during 2012/13 included:

- The provision of a balanced score card to enable the board to have a clearer snapshot of key areas of work and performance indicators for the organisation
- Review and approval of the Board's terms of reference and inclusion of a section on matters reserved for the Board
- Incorporation, in its terms of reference, of an annual review of our Board's effectiveness.

### Succession Planning

In line with our requirements for NGBs and National Partners, succession planning has

been a key focus for the Board this year. Richard Lewis stepped down as Chair in April 2013 after one term due to commitments following his appointment as CEO to the All England Tennis Club. Nick Bitel was appointed as Chair on 22 April 2013.

Five Board members reached their maximum length of tenure at the end of the financial year and, in line with our requirements for NGBs and National Partners, three Board Members stepped down at the end of March 2013. Two members, Mich Stevenson and James Stewart, who respectively chair our

Project and Finance Committees, have each been reappointed for a third term of six months only (expiring on 15 October 2013) to ensure a managed transfer of knowledge and the continued effective operation of the key committees which they chair. This more staged timing of departure and appointment should, in future, better manage the risks associated with a large proportion of Board members stepping down simultaneously.

### Sub-Committees of the Board

During the year the key areas scrutinised by Board subcommittees and, as appropriate, the key decisions they made included:

Finance Committee	<ul style="list-style-type: none"> <li>• The 2011/12 draft financial statements</li> <li>• The medium term plan, in advance of the Board’s review</li> <li>• Sport England’s management of cash flow, with a particular emphasis on lottery awards pipeline and lottery cash balance</li> <li>• Quarterly management accounts</li> <li>• Judgements made with respect to allocation of expenditure</li> </ul>
Project Committee	<ul style="list-style-type: none"> <li>• Inspired Facilities</li> <li>• National Partner Awards (2013-15)</li> <li>• CSP Club Link Makers</li> <li>• Inclusive Sport</li> <li>• Improvement Fund</li> </ul>
Audit, Risk and Governance Committee	<ul style="list-style-type: none"> <li>• Regular reports on fraud</li> <li>• Detailed feedback, challenge and advice in relation to the financial statements process which has been further strengthened as a result.</li> <li>• The outcome of self-assurance and on-site audit reports, providing challenge and seeking further assurance where they considered Sport England funds to be at potential risk.</li> <li>• Internal audit reports (Internal and External Auditors were present at all Audit, Risk and Governance Committee meetings and, at the Committee’s request, internal and external audit met privately, without management present, once during the year. The option for these private meetings is a standing agenda item)</li> </ul> <p>The Committee also commented and challenged management on key risks at each meeting with a number of risks reworded or re-assessed as a result.</p>

In addition to the above Board sub-committees Sport England also has an Equality Group, set up to oversee the development of Sport England’s Equality Scheme and the Equality Action Plan, remains in place. 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. Our Board’s updated terms of reference also make specific reference to promoting diversity and inclusion in order to drive up

participation across various groups, including women, ethnic minorities, those with disabilities and lesbian, gay, bisexual and transgender individuals.

## 5. 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 Arm's Length Body (ALB). Other than these non-applicable areas, we are compliant with the spirit of the Code and have identified some small areas for improvement. We are also compliant with the requirements we are setting NGBs as part of 2013-17 funding.

The Board:

- Is made up 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 through an open and transparent recruitment process.
- Is diverse and, as at 31 March 2013, included three women (25 per cent of total membership) and two BME members. This already meets the expectation we have set our NGBs and National Partners for 2017.
- Considers that its composition is appropriate with the right mix of skills to maximise performance in the light of future strategy.
- Carried out a skills and experience assessment of existing members during the year. Skills and experience areas that will be less well represented when members of the Board stand down in

March 2013 will inform the appointment of new members. This is in line both with good practice the requirements we set out in our Governance Strategy.

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. Other than for the two six month extensions we have highlighted above for reasons of business continuity, Sport England meets this requirement.

The length of tenure requirement we have set out for NGBs and National Partners is 'normally 2 x 4 years'. This requirement is met by the Sport England Board.

## 6. 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, a 2011/12 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 implemented the areas we highlighted for improvement last year and the Board has also identified some areas for improvement through their self-evaluation process. Key areas that demonstrate the Board's current and continuing commitment to its effectiveness include:

- The 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.
- Consideration is to be given to items



reported at Board Meetings, in particular, the level of detail provided, to ensure that the Board is providing strategic leadership and the organisation is fully able to benefit from the knowledge and skills that Board Members are able to bring to Board discussions.

- A training session at the strategy meeting/away day is to be arranged in the summer, when the new Board is in place.
- Some Board Members commented through the Board evaluation that they were unfamiliar with the process in place to evaluate the CEO. The Chair does conduct an annual appraisal of the CEO which is reported to the Terms and Remuneration Committee and consideration is to be given as to whether it is appropriate to feed the results of this to the full Board.
- The evaluation process highlighted that the Board has a strong level of confidence in both the CEO and Chair in their respective management and leadership of the organisation and the Board.
- The Board, all sub-committees other than the Terms and Remuneration Committee (which meets annually) and the Sports Council Trust Company carried out formal evaluations. All continuing Board members were also subject to individual appraisals by the Chair. We highlighted last year the need for our Project Committee to carry out a formal evaluation: the committee undertook this for the first time this year.
- In January 2013, the Board held a short workshop session on the Governance Statement and approved key issues and reports to be highlighted in this statement as well as the timetable and approval processes for the Statement. 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 or

identified, members leave the room for duration of the discussion. This is common practice for the Board and its subcommittees and was, as always, strictly adhered to during the 2013-17 awards decision process. In addition to this, there is a system to record and manage conflicts and potential conflicts of interest of Board members on an on-going basis.

## 7. 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 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. The terms of reference for our Board and Audit, Risk and Governance Committees, which we identified last year were not published on our website, are now published and publically available as are those of our Board.

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 2012. Executive Group regularly identifies and evaluates key risks to the delivery of Sport England's strategy.

A cyclical approach to review of corporate 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
- Formal identification and assessment of risks for each award assessed by grants

management staff as part of the awards assessment process

- Risk training workshops
- A detailed fraud risk assessment
- A cross-directorate risk group which is in place to integrate understanding and management of corporate and operational risk across the organisation.

In January 2013 the Board held its second risk workshop. Sport England's revised risk appetite statement, which was one of the outputs of the workshop, is set out below. The Board will review this statement during 2013/14 and, subject to the agreement of the new Chair on timing, will have a full risk workshop again in two years. This is at the Board Chair's and Audit, Risk and Governance Committee Chair's request

### Board Risk Appetite Statement

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. The Board continues to encourage an open, honest, self-aware culture in relation to risk and 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. It understands that it takes time for all colleagues to feel comfortable with this concept as the policies and processes that support it become fully embedded in the culture of the organisation.

Sport England's Board has re-defined its overall risk appetite. In general terms, its risk appetite is 'medium'. However, it considers the risk and control framework to have strengthened over the last two years. As a consequence it considers that there is potential for Sport England to adopt a higher risk appetite in relation to:

- Innovation: Testing innovative delivery models and techniques
- Performance management: Being more assertive and making more radical shifts in funding where performance is poor
- Voice: Taking a positive approach to influencing policy based on specialist knowledge and expertise
- Openness: Being a more open and transparent organisation in respect of the information that we publish

The Board continues to have a low risk tolerance in relation to the management of public funds.

The most recent version of the corporate risk register (as at 31 March 2013) was informed by the Board risk workshop in January 2013 and Executive's consideration of the risk profile in February 2013. Executive's review of the significant risks which are pertinent to 2013/14 are reflected below.

### Key risks and material factors

The key risks facing the organisation at year-end related to:

- The short term pressure to deliver a tangible legacy from the Olympic and Paralympic Games in the context of the long term nature of the behavioural change needed to deliver significant growth in participation
- Capacity constraints both within Sport England and key partners
- New skills being required to support growth in participation.

All of these risks are fully reflected in the strategic risk register which is regularly reviewed by the Executive and there are actions in place to address them.

Looking forward, the factors which I consider to be material to Sport England's governance, risk and internal control framework and our operating environment are:

- The shift in the balance of our funding from an approximately equal split between Exchequer and Lottery to a much greater reliance on Lottery funding and the potential challenges that poses (this was reflected in the year-end risk register)
- Reliance on and use of increasing numbers of data sources, particularly in view of our successful bid for the London 2012 Legacy database
- The volume of investment decisions that we have made and will continue to make under the Olympic Legacy, and other, programmes.

### Information risks

In relation to information governance, the

Senior Information Risk Officer reported that:

- There were no losses of personal data, either from Sport England's IT systems or through the loss of hardcopy records. This represents an improvement on the position last year.
- Within-deadline response rates for Freedom of Information requests have improved significantly since last year (85 per cent from 62 per cent) exceeding the target set for 2012/13 (80 per cent)
- During the year, the organisation's Information Risk Assessment processes operated effectively and these risks were managed appropriately
- Processes are being continuously improved and further work is required to foster a more mature culture in order to ensure full compliance with the mandatory requirements of the Cabinet Office HMG Security Policy Framework.

## 8. 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 2012/13.

The current economic climate is such that there is a heightened risk to all grant giving bodies of fraud. There have been a small number of incidents where fraud has been suspected by a grant recipient organisation or by individuals in a management position at the recipient organisation. We are actively working with the police in two cases, one of which was reported by the recipient itself.

### Independent assurances

A number of sources of independent assurance were in place during the 2012/13 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 on the project management of SPOGO (formerly Active Places) and technical advice on options for the future development of our Active People survey was commissioned from by the Government Statistical Service/Office for National Statistics. A report was also commissioned

on the design of our 2013-17 value for money assessment process.

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.

## 9. Sport England Board and Sub-Committees: Attendance Records

Name	Board	Audit, Risk and Governance Committee	Finance Committee	Project Committee	Terms and Remuneration Committee
Number of meetings in the year	8	6	4	6	1
Richard Lewis	8				1
Jill Ainscough	4				
Nick Bitel	7	5			
Clare Connor	4			3	
Mike Farrar	7	3			
Hanif Malik	7			6	
Sadie Mason	8		2		
Peter Rowley	8	6	4		
Mich Stevenson	7			5	
James Stewart	5		4		
Peter Stybelski <sup>1</sup>	8			2	1
Martin Thomas	8			6	
John Flook <sup>2</sup>		6			
Paul Millman <sup>2</sup>				5	
Ralph Sharp <sup>3</sup>		3			
David Oliver <sup>4</sup>		3			

<sup>1</sup> Appointed to Project Committee in December 2012

<sup>2</sup> Independent Non-Executive and non-Board Member

<sup>3</sup> Independent Non-Executive and non-Board Member, tenure ended June 2012

<sup>4</sup> Independent Non-Executive and non-Board Member, appointed August 2012

Jennie Price

Nick Bitel

Chief Executive and Accounting Officer of the English Sports Council

Chair of The English Sports Council

21 June 2013

21 June 2013

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

I certify that I have audited the financial statements of the English Sports Council National Lottery Distribution Fund for the year ended 31 March 2013 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration 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 National Lottery Distribution Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the English Sports Council National Lottery Distribution Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the English Sports Council National Lottery Distribution Fund's

affairs as at 31 March 2013 and of the net income for the year then ended; and

- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

### Opinion on other matters

In my opinion:

- the part of the Remuneration 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 and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### Report

I have no observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
Date 1 July 2013

# Index to the National Lottery Distribution Fund Financial Statements

Abbreviation	Financial statements	
SOCNE	• Statement of comprehensive net expenditure	109
SOFP	• Statement of financial position	110
Cash flow	• Statement of cash flows	111
Equity	• Statement of changes in equity	112
Note number	Notes to the financial statements	
1	• Statement of accounting policies	113
2	• National Lottery Distribution Fund	117
3	• Grant recoveries	117
4	• Other Income	118
5	• Grant hard commitments	118
6	• Staff costs	119
7	• Sports development costs	120
8	• Operating costs	121
9	• Analysis of total expenditure by programme and administration	121
10	• Taxation	122
11	• Capital commitments	122
12	• Trade receivables	122
13	• Trade and other payables	122
14	• Grant hard commitments	123
15	• Grant soft commitments	124
16	• Pension liabilities	124
17	• Reconciliation of increase/(decrease) in Lottery funds	128
18	• Prior year restatement	129
19	• Related party transactions	130
20	• Derivatives and other financial instruments	133
21	• Post financial year-end events	133

## Statement of comprehensive net expenditure

	Note	2013 £'000	2012 £'000 Restated
<b>INCOME</b>			
National Lottery share of proceeds	2	227,505	160,131
National Lottery investment returns	2	1,284	3,444
Grant recoveries	3	317	151
Interest receivable		4	8
Other income	4	537	-
<b>Total income</b>		<b>229,647</b>	<b>163,734</b>
<b>EXPENDITURE</b>			
Grant hard commitments	5	117,148	168,205
Grant de-commitments	5	(1,104)	(4,733)
Staff costs	6	8,134	7,762
Sport development costs	7	10,657	8,302
Operating costs	8	5,086	3,933
<b>Total expenditure</b>	<b>9</b>	<b>139,921</b>	<b>183,469</b>
Other finance income		517	398
<b>Net income/(expenditure) before taxation</b>		<b>89,209</b>	<b>(20,133)</b>
Taxation	10	(1)	(3)
<b>Net income/(expenditure) for the year</b>		<b>89,208</b>	<b>(20,136)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Pension actuarial gain/(loss)		76	(10,709)
<b>Total comprehensive income/(expenditure) for the year</b>		<b>89,284</b>	<b>(30,845)</b>

The prior year numbers have been restated in order to better reflect the underlying treatment of payments into the defined benefit pension schemes (note 18).

Certain items within the Statement of Comprehensive Net Expenditure have been reclassified in order to better present the information contained therein (note 1.3).

All Income and Expenditure relates to continuing activities  
The notes on pages 113 to 133 form part of these financial statements



# Statement of financial position

	Note	2013 £'000	2012 £'000 Restated	2011 £'000 Restated
<b>CURRENT ASSETS</b>				
National Lottery Distribution Fund	2	194,971	140,082	183,307
Trade receivables	12	64	60	71
Cash and cash equivalents		385	1,535	267
<b>Total current assets</b>		<b>195,420</b>	<b>141,677</b>	<b>183,645</b>
<b>NON CURRENT ASSETS</b>				
Trade receivables	12	309	360	435
<b>Total assets</b>		<b>195,729</b>	<b>142,037</b>	<b>184,080</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	(5,800)	(4,430)	(1,755)
Grant hard commitments	14	(119,289)	(156,218)	(127,963)
<b>Total current liabilities</b>		<b>(125,089)</b>	<b>(160,648)</b>	<b>(129,718)</b>
<b>Total assets less current liabilities</b>		<b>70,640</b>	<b>(18,611)</b>	<b>54,362</b>
<b>NON CURRENT LIABILITIES</b>				
Grant hard commitments	14	(40,190)	(38,569)	(86,332)
Pension liabilities	16.1	(21,231)	(22,885)	(17,250)
<b>Total non-current liabilities</b>		<b>(61,421)</b>	<b>(61,454)</b>	<b>(103,582)</b>
<b>Net assets/(liabilities)</b>		<b>9,219</b>	<b>(80,065)</b>	<b>(49,220)</b>
<b>EQUITY</b>				
General reserve		30,450	(57,180)	(31,970)
Pension reserve		(21,231)	(22,885)	(17,250)
<b>Total equity</b>		<b>9,219</b>	<b>(80,065)</b>	<b>(49,220)</b>

A third balance sheet has been included in order to reflect the changes on prior periods resulting from a change in the underlying treatment of payments into the defined benefit pension schemes (note 1.4 and note18).

The notes on pages 113 to 133 form part of these financial statements

Jennie Price

Nick Bitel

Chief Executive and Accounting Officer of The  
English Sports Council

Chair of The English Sports Council

21 June 2013

21 June 2013

## Statement of cash flows

	Note	2013 £'000	2012 £'000 Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Funds drawn down from NLDF	2	173,900	206,800
Other income		901	237
Hard commitments paid	14	(151,352)	(182,980)
Staff costs		(7,623)	(7,364)
Employer pension contributions		(2,606)	(5,870)
Sports development costs	7	(10,657)	(8,302)
Operating costs		(3,716)	(1,258)
Taxation paid	10	(1)	(3)
Interest received		4	8
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(1,150)</b>	<b>1,268</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(1,150)</b>	<b>1,268</b>
Cash and cash equivalents at 1 April		1,535	267
<b>Cash and cash equivalents at 31 March</b>		<b>385</b>	<b>1,535</b>

2012 figures remain as reported in the prior year, however due to the revised layout of this statement we have provided additional disclosure on staff related costs.

The notes on pages 113 to 133 form part of these financial statements

## Statement of changes in equity

	Note	Pension Reserve £'000	General Reserve £'000	Total £'000
<b>Balance at 1 April 2011</b>		<b>(18,895)</b>	<b>(30,325)</b>	<b>(49,220)</b>
Net effect of changes in accounting treatment up to 31 March 2011	18	1,645	(1,645)	-
<b>Restated balance at 1 April 2011</b>		<b>(17,250)</b>	<b>(31,970)</b>	<b>(49,220)</b>
Net expenditure for the year		-	(20,136)	(20,136)
Actuarial loss for the year		(10,709)	-	(10,709)
Transfer between reserves		5,074	(5,074)	-
<b>Restated balance at 31 March 2012</b>		<b>(22,885)</b>	<b>(57,180)</b>	<b>(80,065)</b>
Net income for the year		-	89,208	89,208
Actuarial gain for the year		76	-	76
Transfer between reserves		1,578	(1,578)	-
<b>Balance at 31 March 2013</b>		<b>(21,231)</b>	<b>30,450</b>	<b>9,219</b>

The opening balances and the yearly movements for the general reserve and the pension reserve have been restated in order to present the effect of a change to the underlying treatment of payments into the defined benefit pension schemes (note 1.4 and note 18).

The notes on pages 113 to 133 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 the National Lottery etc. Act 1993 (as amended) and directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury and the 2012/13 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 (Sport England) National Lottery Distribution Fund and which gives a true and fair view has been selected.

The particular policies adopted by the Sport England National Lottery Distribution Fund (the Sport England NLDF) as set out and described below have been applied consistently to all periods presented in the financial statements.

### 1.1 Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention.

Without limiting the information given, the financial statements of the Sport England NLDF 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 financial statements of Non-Departmental Public Bodies as set out in the FReM, and the National Lottery etc. Act 1993 (as amended) in so far as those requirements are appropriate to the Sport England NLDF.

The financial statements have been prepared under the accruals basis and all income and expenditure are taken into account in the financial period to which it relates. Awards are accounted for on a commitment basis (see 1.7 below).

In compliance with Section 35 of the National Lottery etc. Act 1993 (as amended), the financial statements cover the year to 31 March 2013. Comparative figures are shown for the year ended 31 March 2012.

A separate set of financial statements has been prepared for Sport England activities funded from Grant-in-aid, in accordance with the instructions issued by the Secretary of State for Culture, Media and Sport.

Consolidated financial statements have not been prepared for Sport England National Lottery Distribution Fund and The English Sports Council Grant-in-aid.

The following financial statements only reflect the activities associated with the Sport England NLDF.

### 1.2 Going concern

The grant commitments for future years (note 15) 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 (DCMS). 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.

A decision has now been taken by the Government that Sport England and UK Sport will not be merged, however a closer working relationship between the two bodies is envisaged which would include moving to shared accommodation in 2014.

Sport England continues to adopt the going concern concept in the preparation of the Sport England NLDF financial statements.

### 1.3 Reclassifications

Certain items within the Statement of comprehensive net expenditure have been reclassified in order to better present the financial information disclosed therein. Reclassifications include the format of the statement and the position of certain items within the statement. The reclassification of items has been undertaken in order to enhance the understanding of the operations of the Sport England NLDF by the reader of these financial statements.

### 1.4 Restatement due to error in prior periods

The comparative results have been restated, and a third balance sheet presented, in order to reflect the impact on prior period financial statements resulting from changes in the way that payments into the defined benefit pension schemes are presented in the Statement of comprehensive net expenditure.

In prior periods the Sport England NLDF share of employer's payments into the defined benefit pension schemes had been recorded in the Statement of comprehensive net expenditure in error rather than through the pension reserve. The net effect of all adjustments on the Statement of comprehensive net expenditure up until 31 March 2011 is a charge of £1.6million. The

adjustment required to 2011/12 is a credit of £5.9million.

There is no change in the total reserves of the Sport England NLDF as a result of the revised treatment of payments into the defined benefit pension schemes; however, the general reserve and pension reserve components of equity have accordingly been revised and are disclosed in the Statement of changes in equity.

Disclosure of the effect of this change and the impact on all primary statements is shown in note 18 to the financial statements.

### 1.5 Receipts from the National Lottery Distribution Fund

This comprises two elements being the share of proceeds from the National Lottery, and that of investment returns received from the National Lottery.

- National Lottery share of proceeds

Funds are received from the National Lottery operator into a centrally maintained fund, the National Lottery Distribution Fund (the NLDF).

The NLDF is managed by the Commissioners for the repayment of National Debt. A proportion of the NLDF is available for distribution by Sport England for current and future commitments.

Funds are withdrawn from the NLDF in order for Sport England to meet payments due to suppliers and award recipients.

- National Lottery investment returns

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 NLDF at the time the interest is received.

### 1.6 Grant recoveries

The conditions associated with grants permit the recovery and repayment of grants paid

from the recipient of the grant. A recovery and repayment of an element or the entire grant paid can arise when:

- the recipient of the grant fails to comply with the terms and conditions of the grant, or
- where the actual expenditure incurred by the recipient falls below the value of the grant that has been paid based on estimated costs.

The recovery of grants is recognised as income on an accruals basis.

## 1.7 Hard and soft commitments

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

- a 'hard commitment' occurs when a firm offer of award has been made to the third party by Sport England and this offer has been accepted, together with any conditions upon which the award has been made; and
- a 'soft commitment' occurs where there is agreement in principle by Sport England to fund a scheme, but the offer and associated conditions have not yet been accepted by the third party to whom the award is being offered
- de-commitments occur when previously awarded funds are either not required by the awardee, or the awardee has not met the relevant conditions for the funds to be paid out.

Only 'grant hard commitments' are recognised in the Statement of comprehensive net expenditure and are shown in note 14. 'Grant soft commitments' are detailed in note 15.

## 1.8 Staff costs

All staff costs are recorded as an expense as soon as the organisation is obligated to pay them. Staff costs include the cost of any untaken leave as at the financial year end.

## 1.9 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.

Sports development costs are expensed in the year in which they are incurred.

## 1.10 Operating costs

Operating costs represent overhead costs of the organisation.

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

## 1.11 Apportionment of operating costs

Sport England is required to apportion costs between its Grant-in-aid and NLDF activities.

The apportionment of costs is calculated using metrics derived from the organisation's annual business planning process, unless the costs are considered to be entirely Grant-in-aid related or NLDF activity related.

The cost allocations are subject to review by both the Executive and Finance Committee on a regular basis. These calculations are also subject to audit scrutiny by the auditors as part of their audit process.

The current methodology calculates charges on a full cost recovery basis in accordance with HM Treasury's "Managing Public Money". The costs apportioned under this methodology to the Sport England NLDF activities will be reimbursed to Sport England's Grant-in-aid account.

## 1.12 Pensions

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

The pension liabilities and assets of the defined benefit scheme are recorded in line with IAS 19, with a valuation undertaken by an independent actuary.

IAS 19 measures the value of pension assets and liabilities at the Statement of financial position date, determines the benefits accrued in the year and the interest on the scheme's assets and liabilities.

The value of the 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 surplus or deficits of the various schemes are recognised in the Statement of Changes of Equity. The resulting pension liability or asset is shown in the Statement of financial position.

The apportionment of the resulting pension liability or asset between Grant-In-Aid and NLDF activities is based on the historic rate of apportionment.

### 1.13 National Lottery Distribution Fund

Funds held in the NLDF remain under the stewardship of the Secretary of State for Culture, Media and Sport.

The share of funds attributable to Sport England NLDF is shown in these financial statements.

The funds held by the NLDF at 31 March have been certified by the Secretary of State for Culture, Media and Sport, as being available for distribution by the Sport England NLDF in respect of current and future commitments.

Funds with the NLDF are held through a combination of investments in government

gilts and call notice deposits. The NLDF funds are classified by the NLDF as available for sale assets and are valued at market value. Gains or losses associated with the gilts held are accordingly accounted for in the NLDF financial statements.

Sport England accounts for gains or losses associated with the NLDF balances by way of a separate line item in the Statement of comprehensive net expenditure.

### 1.14 Trade receivables

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

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

### 1.15 Cash and cash equivalents

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

### 1.16 Trade and other payables

Trade and other payables are recognised at fair value.

### 1.17 Taxation

The Sport England NLDF is registered for VAT as part of Sport England's VAT registration.

The Sport England NLDF does not undertake any business activities for VAT purposes. VAT is not recoverable on any of its operational expenditure.

Corporation tax is payable on bank interest received net of bank charges.

Investment income generated on balances held and invested by the NLDF on Sport England's behalf is not taxable.

## 2. National Lottery Distribution Fund

During the period under review Sport England's NLDF received and distributed the following sums:

	2013 £'000	2012 £'000
<b>Balance at 1 April</b>	<b>140,082</b>	<b>183,307</b>
Share of proceeds	240,034	187,031
Less: Olympic contribution	(12,529)	(26,900)
<b>National Lottery share of proceeds</b>	<b>227,505</b>	<b>160,131</b>
Investment returns	1,284	1,345
Unrealised gain	-	2,099
<b>National Lottery investment returns</b>	<b>1,284</b>	<b>3,444</b>
<b>Total share of proceeds and financial asset returns</b>	<b>228,789</b>	<b>163,575</b>
Funds drawn down	(173,900)	(206,800)
<b>Balance at 31 March</b>	<b>194,971</b>	<b>140,082</b>

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 £1,085million from the National Lottery Distribution Fund in order to

meet some of the costs of hosting the London Games. In 2012/13 Sport England contributed its final amount towards the cost of the Games, bringing its total contribution since 2009 to £99.5million.

## 3 Grant recoveries

	2013 £'000	2012 £'000
Grant recoveries	317	151

Recoveries of grants represent income received back from grant recipients (note 1.6)



## 4 Other income

	2013 £'000	2012 £'000
External funding income	58	-
Active people survey recharges	335	-
Other Income	144	-
<b>Total other income</b>	<b>537</b>	<b>-</b>

Other income for 2012 has been is shown within operating costs (note 8)

## 5 Grant hard commitments

	2013 £'000	2012 £'000 Restated
Grant hard commitments	117,148	168,205
Grant de-commitments	(1,104)	(4,733)
<b>Net grant hard commitments</b>	<b>116,044</b>	<b>163,472</b>
<b>NET GRANT HARD COMMITMENTS</b>		
NGB whole sport plans	2,573	4,451
Places people play	58,504	75,995
Local investment	44,755	30,230
Olympic venues	-	34,000
Other facilities	529	4,269
School games	9,319	12,863
Other programmes	364	1,664
<b>Total net grant hard commitments</b>	<b>116,044</b>	<b>163,472</b>

The aggregate amount in 2012 is unchanged from last year at £163.5million; however the categories of grants have been revised in order to provide consistent comparative information.

## 6 Staff costs

	2013 £'000	2012 £'000 Restated
<b>PERMANENT AND FIXED TERM STAFF</b>		
Wages and salaries	6,161	5,991
Social security costs	633	618
Pension costs	1,019	829
<b>Total permanent and fixed term staff</b>	<b>7,813</b>	<b>7,438</b>
Agency staff	321	324
<b>Total staff costs</b>	<b>8,134</b>	<b>7,762</b>

The prior year numbers have been restated in order to better reflect the underlying treatment of payments into the defined benefit pension schemes (note 18). The total of pension costs previously reported for 2012 were £6.3million.

Average number of full time equivalent staff		
	2013	2012
Permanent staff	141	134
Fixed term temporary staff	1	4
Agency staff	6	7
<b>Average</b>	<b>148</b>	<b>145</b>

The exit packages disclosure is shown within the remuneration report on page 39.

## 7 Sports development costs

	2013 £'000	2012 £'000 Restated
<b>GRANT PROGRAMME SUPPORT COSTS</b>		
NGB whole sport plans	90	-
Places people play	3,876	2,981
Local investment	284	122
School games	107	27
Other facilities	205	-
Other programmes	486	562
<b>Total grant programme support costs</b>	<b>5,048</b>	<b>3,692</b>
<b>OTHER SPORTS DEVELOPMENT COSTS</b>		
Legal	126	161
Measurement surveys	2,034	1,961
Research	254	77
Facilities expertise and support	291	256
Planning data and guidance	691	719
Communications	-	72
Equality Standards	5	6
Local government support	146	112
Irrecoverable VAT	2,062	1,246
<b>Total other sports development costs</b>	<b>5,609</b>	<b>4,610</b>
<b>Total sports development costs</b>	<b>10,657</b>	<b>8,302</b>

Total costs in 2012 were £8.3million; however the categories of costs have been revised in order to provide consistent comparative information.

## 8 Operating costs

	2013 £'000	2012 £'000 Restated
Auditor's remuneration*	60	51
Internal audit and governance	132	117
Travel and subsistence	446	371
Board expenses	7	65
Other staff costs	75	89
Staff training	165	158
Grants outsourcing costs	233	-
Property and office Costs	1,699	1,761
IT infrastructure and system costs	848	710
Legal	146	139
Communications	195	306
Irrecoverable VAT	954	754
Asset hire	232	94
Other operating income	-	(343)
Other costs	(106)	(339)
<b>Total operating costs</b>	<b>5,086</b>	<b>3,933</b>

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

Total costs in 2012 were £3.9million; however the categories of costs have been revised in order to provide consistent comparative information.

Other operating income for 2013 was reclassified to other income (note 4). A prior year restatement is not required.

### 8.1 Losses and special payments

There were no individual losses or special payments during the year ended 31 March 2013 which exceeded £250,000 (2012: £nil), the aggregate did not exceed £250,000 (2012: £nil).

## 9 Analysis of total expenditure by programme and administration

	2013			2012		
	Programme £'000	Admin £'000	Total £'000	Programme £'000	Admin £'000	Total £'000
Grants hard commitments	117,148	-	117,148	168,205	-	168,205
Grant de-commitments	(1,104)	-	(1,104)	(4,733)	-	(4,733)
Staff costs	1,812	6,322	8,134	1,756	6,006	7,762
Sports development	10,657	-	10,657	8,302	-	8,302
Operating costs	-	5,086	5,086	-	3,933	3,933
<b>Total operating costs</b>	<b>128,513</b>	<b>11,408</b>	<b>139,921</b>	<b>173,530</b>	<b>9,939</b>	<b>183,469</b>

## 10 Taxation

	2013 £'000	2012 £'000
UK corporation tax at 24% (2012: 26%)		
Adjustment for prior years	-	(1)
Current tax charge	(1)	(2)
<b>Total taxation charge</b>	<b>(1)</b>	<b>(3)</b>

## 11 Capital commitments

There are no capital commitments as at 31 March 2013 (2012: £nil)

## 12 Trade receivables

	2013 £'000	2012 £'000
<b>Trade receivables</b>		
Amounts falling due within one year	64	60
Amounts falling due after more than one year	309	360
<b>Total trade receivables</b>	<b>373</b>	<b>420</b>
Intra-government balances:		
Local authorities	7	-
Bodies external to government	366	420
	<b>373</b>	<b>420</b>

## 13 Trade and other payables

	2013 £'000	2012 £'000
Sport England Grant-in-aid	5,800	3,676
Big Lottery Fund	-	754
<b>Total trade and other payables</b>	<b>5,800</b>	<b>4,430</b>
Intra-government balances:		
Other central government bodies	5,800	4,430
	<b>5,800</b>	<b>4,430</b>

## 14 Grant hard commitments

	2013 £'000	2012 £'000
Hard commitments at 1 April	194,787	214,295
Hard commitments paid	(151,352)	(182,980)
Hard de-commitments	(1,104)	(4,733)
Hard commitments entered into	117,148	168,205
<b>Hard commitments at 31 March</b>	<b>159,479</b>	<b>194,787</b>
Amounts due during 2013 Financial Year	-	156,218
Amounts due during 2014 Financial Year	119,289	27,336
Amounts due during 2015 Financial Year	34,161	10,261
Amounts due during 2016 Financial Year	5,811	972
Amounts due during 2017 Financial Year	218	-
<b>Hard commitments at 31 March</b>	<b>159,479</b>	<b>194,787</b>
Intra-government balances:		
Other central government bodies	13,756	13,818
NHS bodies	147	654
Local authorities	41,892	52,308
Bodies external to government	103,684	128,007
<b>Total intra-government balances</b>	<b>159,479</b>	<b>194,787</b>

Hard commitments payable in more than one year amount to £40.2 million (2012: £38.6 million).

Hard commitments are charged to the Statement of comprehensive net expenditure in the accounting period in which the award offer is accepted. A number of these award offers cover of up to 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 Grant soft commitments

	2013 £'000	2012 £'000
Soft commitments at 1 April	56,058	127,536
Soft commitments transferred to hard commitments	(117,148)	(168,205)
Soft commitments entered into	431,145	96,727
<b>Soft Commitments at 31 March</b>	<b>370,055</b>	<b>56,058</b>

Soft commitments are the aggregate of:

- Award offers made which have not yet been accepted by the award recipient
- Award decisions approved by the relevant authority where no formal award offer has been sent at 31 March 2013.

The amount of soft commitments at 31 March 2013 of £370.0 million includes £256 million of awards for the NGB Whole Sport

Plans as part of the NGB 2013-17 funding cycle.

The amounts committed to hard and soft commitments exceed the available resources by £360.8 million (2012: £136.1 million). It is the policy of Sport England to make forward commitments against future income streams to speed up the outflow of lottery cash, and is in line with DCMS policy.

## 16 Pension liabilities

### 16.1 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. Sport England is one of a large number of employers whose staff participates in the scheme, however the data given in this note relates only to Sport England.

The pension liabilities cover two defined benefit pension schemes:

- 460 scheme which is funded by employees and employers at actuarially determined rates. Employer contributions for members of the scheme amounted to £0.6 million in 2013 (2012: £0.6 million). Sport England made additional payments of £2.0 million (2012: £8.5 million) to reduce the liability of the pension

schemes. Included within these amounts are £0.5 million (2012: £6.5 million) which were paid on top of the minimum recommended amounts advised by the scheme's actuary.

- 440 multi-employer scheme which was closed after an earlier restructure of The Sports Council in 1997. The Council has included the whole of the amounts brought to account in relation to this closed scheme in its financial statements.

Sport England made additional payments of £1.9 million (2012: £0.7 million) to reduce the liability of this pension scheme. Included within these amounts are £1.1 million (2012: £nil) which were paid on top of the minimum recommended amounts advised by the scheme's actuary.

## IAS 19 Calculation

The scheme report apportions the assets and liabilities from the closed 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. IAS 19 disclosures do not take

into account employee's and employer's future contributions.

Following the advice of the consulting actuaries to the LPFA Sport England's employer contribution (as a percentage of pensionable pay) is 16.6 per cent (2012:16.6 per cent). The employer contribution rate for 2014 remains 16.6 per cent.

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

Employee Contribution rates for 2013 and 2012 are set out below

2013 salary range	2012 salary range	Contribution rate
Less than £13,500	Less than £12,900	5.5%
£13,501-£15,800	£12,901-£15,100	5.8%
£15,801-£20,400	£15,101-£19,400	5.9%
£20,401-£34,000	£19,401-£32,400	6.5%
£34,001-£45,500	£32,401-£43,300	6.8%
£45,501-£85,300	£43,301-£81,100	7.2%
More than £85,300	More than £81,100	7.5%

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 Sport England's superannuation scheme.

The independent actuary's valuation at 31 March 2013 for the purpose of IAS 19, estimates a net pension liability of

£37.6 million (2012: £40.3 million).

The IAS 19 valuation is for Sport England as a whole. The actuaries have not made separate valuations for the Sport England Exchequer and Lottery liabilities. The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies.

The apportionment calculation of the net pension liability as at 31 March 2013 gives a liability for Lottery of £21.2 million (2012: £22.9 million)..

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
<b>Total</b>	<b>647</b>	<b>475</b>



Statement of financial position disclosure			
	2013	2012	2011
	£'000	£'000	£'000
Present value of funded liabilities	(109,158)	(101,820)	(85,089)
Fair value of employer assets	79,287	68,491	60,739
Present value of unfunded liabilities	(7,694)	(7,010)	(6,595)
<b>Net liability in the Statement of financial position</b>	<b>(37,565)</b>	<b>(40,339)</b>	<b>(30,945)</b>
Liabilities	(116,852)	(108,830)	(91,684)
Assets	79,287	68,491	60,739
<b>Net liability in the Statement of financial position</b>	<b>(37,565)</b>	<b>(40,339)</b>	<b>(30,945)</b>

Analysis of amounts recognised in the Net Expenditure Account			
	2013	2012	2011
	£'000	£'000	£'000
Current service costs	789	661	932
Interest on obligation	4,932	4,988	5,754
Expected return on employer assets	(4,077)	(4,331)	(3,837)
Past service cost	-	-	(13,531)
Losses on curtailments and settlements	61	-	-
<b>Total</b>	<b>1,705</b>	<b>1,318</b>	<b>(10,682)</b>
Actual returns on plan assets	9,818	638	4,018

Changes in the present value of the defined obligation are as follows:			
Year Ended 31 March	2013	2012	2011
	£'000	£'000	£'000
<b>Opening defined benefit obligation</b>	<b>108,830</b>	<b>91,684</b>	<b>110,136</b>
Service cost	789	661	932
Interest cost	4,932	4,988	5,754
Contributions by members	242	275	253
Actuarial losses/(gains)	5,615	14,189	(8,887)
Past service gains	-	-	(13,531)
Losses on curtailments and settlements	61	-	-
Estimated unfunded benefits paid	(413)	(398)	(387)
Estimated benefits paid	(3,204)	(2,569)	(2,586)
<b>Closing defined benefit obligation</b>	<b>116,852</b>	<b>108,830</b>	<b>91,684</b>

Changes in the fair value of the plan assets			
	2013	2012	2011
	£'000	£'000	£'000
<b>Opening fair value of employer assets</b>	<b>68,491</b>	<b>60,739</b>	<b>57,949</b>
Expected returns on assets	4,077	4,331	3,837
Contributions by members	242	275	253
Contributions by the employer	4,352	9,805	3,539
Contributions in respect of unfunded benefits	Included above	Included above	Included above
Actuarial gains/(losses)	5,742	(3,692)	(1,866)
Estimated unfunded benefits paid	Included below	Included below	Included below
Estimates benefits paid	(3,617)	(2,967)	(2,973)
<b>Closing fair value of employer assets</b>	<b>79,287</b>	<b>68,491</b>	<b>60,739</b>

The major categories of plan assets as a percentage of total plan assets are as follows:			
Year Ended 31 March	2013	2012	2011
Assets			
Equities	73%	73%	69%
Target return funds	10%	12%	12%
Alternative assets	15%	14%	14%
Cash	2%	1%	3%
Other bonds	-	-	2%

Principal actuarial assumptions at the financial year end date (expressed as weighted average)			
Assumptions as at 31 March	2013	2012	2011
	% per annum	% per annum	% per annum
Price increases - RPI	3.4%	3.3%	3.5%
Price increases - CPI	2.6%	2.5%	2.7%
Salary increase	4.3%	4.2%	4.5%
Pension increase	2.6%	2.5%	2.7%
Expected return in assets	5.9%	5.9%	6.7%
Discount rate	4.5%	4.6%	5.5%

Amounts for the current and previous four periods are as follows:					
Year Ended 31 March	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	79,287	68,491	60,739	57,949	44,386
Present value of defined obligation	(116,852)	(108,830)	(91,684)	(110,136)	(74,962)
<b>Deficit</b>	<b>(37,565)</b>	<b>(40,339)</b>	<b>(30,945)</b>	<b>(52,187)</b>	<b>(30,576)</b>
Experience gains/(losses) on assets	5,742	(3,692)	(1,866)	10,177	(15,654)
Experience (losses)/gains on liabilities	(620)	76	7,812	2,282	175

## 16.2 Aviva group personal pension plan scheme

From 1 October 2005 to 31 March 2012 Sport England operated a Group Stakeholder Pension Scheme (GSPS) with AEGON Scottish Equitable. The scheme was transferred to an Aviva Group Personal Pension Plan on 1 April 2012. The scheme includes death in service life assurance cover of three times salary and is insured through Legal & General. Colleagues choose the level of contribution into the personal pension plan and this is matched by Sport England contributions using the following formulae:

- Colleague contributes 3 per cent  
Sport England contributes 3 per cent
- Colleague contributes 4 per cent  
Sport England contributes 5 per cent
- Colleague contributes 5 per cent  
Sport England contributes 8 per cent
- Colleague contributes 6.5 per cent  
Sport England contributes 11 per cent

Employer contributions for staff members of this scheme for the year ended 31 March 2013 were £0.5 million (2012: £0.6 million).

There were no amounts outstanding or pre-paid at 31 March 2013 (2012: £nil)

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

	2013 £'000	2012 £'000 Restated
<b>Net income/(expenditure) before taxation</b>	<b>89,209</b>	<b>(20,133)</b>
Decrease in trade and other receivables	47	86
Increase in trade and other payables	1,370	2,675
Decrease in grant commitments	(35,308)	(19,508)
Corporation tax	(1)	(3)
Movement in pension liabilities	(1,578)	(5,074)
(Increase)/decrease in NLDF	(54,889)	43,225
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,150)</b>	<b>1,268</b>

Prior year comparatives have been restated, to reflect the impact on the cash flows from operating activities that has resulted from the change in the underlying treatment of payments into the defined benefit pension schemes (note 18).

## 18 Prior year restatement

Following on from a review of the accounting treatment of employer's contributions into the defined benefit pension schemes,<sup>3</sup> the impact on the financial statements of the Sport England National Lottery Distribution Fund are disclosed below:

Statement of comprehensive net expenditure (SOCNE)	
	2012
	£'000
Previously reported net expenditure for the year	(26,006)
Effect of changes in accounting treatment	5,870
<b>Restated net expenditure for the year</b>	<b>(20,136)</b>

Staff costs	
	2012
	£'000
Previously reported in net expenditure for the year	13,234
Effect of changes in accounting treatment	(5,472)
<b>Restated staff costs</b>	<b>7,762</b>

Other finance income	
	2012
	£'000
Previously reported in net expenditure for the year	796
Effect of changes in accounting treatment	(398)
<b>Restated other finance income</b>	<b>398</b>

Statement of changes in equity			
	Pension reserve	General reserve	Total
	2012	2012	2012
	£'000	£'000	£'000
Previously reported reserves at 31 March 2011	(18,895)	(30,325)	(49,220)
Net Effect of changes in accounting treatment up to 31 March 2011	1,645	(1,645)	-
<b>Restated opening reserves at 1 April 2011</b>	<b>(17,250)</b>	<b>(31,970)</b>	<b>(49,220)</b>
Restated net expenditure for the year		(20,136)	(20,136)
Actuarial loss on pension scheme	(10,709)		(10,709)
Net effect of changes in accounting treatment	5,074	(5,074)	-
<b>Restated closing reserves at 31 March 2012</b>	<b>(22,885)</b>	<b>(57,180)</b>	<b>(80,065)</b>

Statement of cash flows – Note to the financial statements	
Reconciliation of decrease in Lottery funds before taxation to net cash inflow from operating expenses	
	2012
	£'000
Previously reported net expenditure before taxation	(26,003)
Effect of changes in accounting treatment	5,870
<b>Restated net expenditure before taxation</b>	<b>(20,133)</b>

## 19 Related party transactions

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

Sport England has two subsidiaries that are also regarded as related parties. There were material transactions with The Sports Council Trust Company during year, but not with Caversham Lakes Trust Limited, which has remained dormant from 29 March 2012.

Sport England Board Members, Executive Directors and staff maintain publicly available registers of interests and declare any direct interests in grant applications made to Sport

England and any direct commercial relationships.

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

The following table details where Board Members, Executive Directors and key managerial staff declared a current or past interest and includes both Sport England's Grant-in aid and National Lottery funding. The related party transactions are in relation to:

- Awards expensed during the year
- Awards committed during the year but not yet accepted by applicants

- Awards unpaid at 31 March 2013, which includes unpaid expensed awards and committed awards
- Supplier transactions completed between 1 April 2012 and 31 March 2013. There were no unpaid amounts on these transactions at 31 March 2013.

Relationship	Awards expensed 2013 £	Awards committed 2013 £	Awards Unpaid £	Supplier Transactions £
<b>Department for Culture, Media and Sport</b>				
Grant-in-aid funding				99,814,000
Relocatable pools grant	21,748			
<b>The Sports Council Trust Company</b>				
Payable by Sport England			7,428,498	2,898,033
Receivable from Sport England				548,030
<b>Richard Lewis</b>				
Employment, Rugby Football League	1,605,884	17,500,000	17,696,568	108,000
Employment, All England Lawn Tennis and Croquet Club				2,374
Partner: Management Board, Shepley Tennis Club		50,000	50,000	
<b>Nick Bitel</b>				
Advisor, All England Lawn Tennis and Croquet Club				2,374
Advisor, Rugby Football Union	4,347,555	20,000,000	20,223,296	
Advisor, England and Wales Cricket Board	5,475,947	20,000,000	20,221,471	
Board Member, London Legacy Development Corporation	564,304		418,258	
<b>James Stewart</b>				
Employment, KPMG				30,586
<b>Martin Thomas</b>				
Board Member, Commonwealth Games England	238,626	320,500	387,494	
<b>Peter Rowley</b>				
Member, England Athletics <sup>1</sup>	246,547		404	
Audit Committee, UK Sport				28,000
Director, SkillsActive UK	474,625	350,000	430,369	
Board Member, Tees Valley Sport	425,000		595,140	
<b>Clare Connor</b>				
Employment, England and Wales Cricket Board	5,475,947	20,000,000	20,221,471	
Board Member, Cricket Foundation (Chance to Shine)	604,066	7,499,212	8,015,719	
<b>Sadie Mason</b>				
Employment, Sussex CSP Trust	485,000		790,061	
Trustee, County Sports Partnership Network	314,132		255,992	1,500
Team Manager, England Basketball	2,123,750	3,555,000	3,614,375	
<b>Peter Stybelski</b>				
Employment, Cumbria County Council	444,770		514,560	358

Relationship	Awards expensed 2013 £	Awards committed 2013 £	Awards Unpaid £	Supplier Transactions £
<b>Paul Millman</b>				
Member, Kent Cricket Board	6,490			
Member, England Squash and Racketball	1,342,579	7,461,000	7,484,700	
<b>Jennie Price</b>				
Partner: Management Board, British Fencing Association	176,982	520,000	520,000	
Imm. Family: Member, Newport Rugby Club	50,000			
Partner: Consultant, The Leisure Database Company Limited				651,720
<b>Rona Chester</b>				
Member, National Trust	500,000		391,250	
Partner: Member, National Trust	500,000		391,250	
Member, Lawn Tennis Association	3,965,015	7,100,000	7,196,774	
Member, England Squash and Racketball	1,342,579	7,461,000	7,484,700	
Member, English Golf Union	802,644	13,000,000	12,016,500	
Board Member, The Velodrome Trust	353,422			
<b>Lisa O'Keefe</b>				
Member, British Cycling	7,027,561	32,000,000	32,259,813	356
Member, British Mountaineering Council	137,978	2,992,800	2,992,800	
Member, Rugby Football Union	4,347,555	20,000,000	20,223,296	
Member, National Trust	500,000		391,250	
<b>Phil Smith</b>				
Management Board, sportscoach UK	2,872,000	5,000,000	5,000,000	
Management Board, Football Foundation	10,000,000	40,000,000	47,650,000	
<b>Mike Diaper</b>				
Previous employment, Department for Culture, Media and Sport				6,600
Other, Pro-Active East London	453,180		1,476,360	1,616
Other, London Legacy Development Corporation	564,304		418,258	
<b>Alison Selfe</b>				
Partner: Employment, London Borough of Havering		2,074,000	2,074,000	
Imm. Family: Member, British Cycling	7,027,561	32,000,000	32,259,813	356

<sup>1</sup> England Athletics substantially benefit from the award given to UK Athletics. There were £1,497,125 of awards expensed and £22,000,000 of awards committed and remaining unpaid to UK Athletics during 2012/13.

## 20 Derivatives and other financial instruments

---

The Sport England NLDF relies mainly on its share of proceeds from the National Lottery, with some partnership funding to finance its operations. Items such as trade receivables and trade payables arise from its operations and cash resources. Sport England does not enter into derivative transactions.

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

The Sport England NLDF does not borrow money and therefore has no exposure to interest rate risk or liquidity risk in this regard.

Cash balances are held in a commercial bank account and attract market rates of interest.

### Liquidity risks

The bulk of the financial assets of The Sport England NLDF are held by the NLDF. During 2012/13 the NLDF invested in government gilts and call notice deposits.

The Board recognises that their hard and soft commitments and other payables exceed the value of funds in the NLDF. However, the Board considers that Sport England is not exposed to significant liquidity risks as they are satisfied that Sport England will have sufficient liquid resource to cover all likely grant payments and other liabilities in the coming year.

If there was a long term decline in Lottery income the Board would adjust its annual grants budgets to compensate for the decline.

## 21 Post financial year-end events

---

The Annual Report and Financial statements were authorised for issue on the date of certification by the Comptroller and Auditor General.





Published by TSO (The Stationery Office) and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-Call: 0845 7 023474

Fax orders: 0870 600 5533

Email: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone: 0870 240 3701

**The Houses of Parliament Shop**

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders: 020 7219 3890/General enquiries: 020 7219 3890

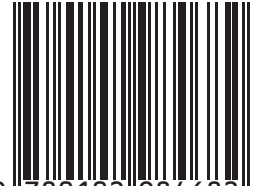
Fax orders: 020 7219 3866

Email: [shop@parliament.uk](mailto:shop@parliament.uk)

Internet: <http://www.shop.parliament.uk>

**TSO@Blackwell and other accredited agents**

ISBN 978-0-10-298468-2



9 780102 984682